



FORTIS HEALTHCARE LIMITED

CIN: L85110DL1996PLC076704

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NOTICE

Notice is hereby given that the **Eighteenth Annual General Meeting** of **Fortis Healthcare Limited** will be held on Wednesday, **24th September, 2014 at 11:30 hours** at **PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110016**, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Statutory Auditors thereon.
2. To appoint a director in place of Mr. Sunil Naraindas Godhwani (DIN-00174831), who retires by rotation and is eligible for re-appointment.

3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT subject to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. - 301003E), be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) upto the conclusion of the next AGM of the Company to be held in year 2015, at such remuneration plus service tax, out-of-pocket expenses, travelling expenses, etc. as may be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the vacancy caused by the retirement by rotation of Mr. Gurcharan Das, and, who has not offered himself for re-appointment, be not filled by the Company for the time being.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 152, 161 and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or

re-enactment thereof for the time being in force), Mr. Udai Dhawan (DIN: 03048040), who was appointed as an Additional Director w.e.f. February 11, 2014, who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member, proposing his candidature for the office of Director, be and is hereby appointed as a Non Executive Non Independent Nominee Director, liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Lynette Joy Hepburn Brown (DIN: 06878034), who was appointed as an Additional Director, who fulfills the criteria for independence as provided in Section 149(6) of the Act and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) years up to May 28, 2019, not liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Pradeep Ratilal Raniga (DIN- 03291083), who fulfills the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) years, not liable to retire by rotation.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the Companies (Appointment and

Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Preetinder Singh Joshi (DIN- 00109974), who fulfills the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) years, not liable to retire by rotation.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Joji Sekhon Gill (DIN- 05310881), who fulfills the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) years, not liable to retire by rotation.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Brian William Tempest (DIN- 00101235), who fulfills the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) years, not liable to retire by rotation.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in conformity with the provision of Article 145 of the Articles of Association of the Company and pursuant to the provisions of Section 197 of Companies Act, 2013 (hereinafter referred to as “the Act”) and such other applicable provisions, if any, of the Act (including any statutory amendment, modification or re enactment to the Act for the time being in force) and subject further to the approval of the Central Government and such other regulatory authority(ies) as may be necessary, the consent of the Members be and is hereby accorded for payment of an all inclusive Honorarium to Ms. Lynette Joy Hepburn Brown, Non-Executive Independent Director of the Company for an amount of ₹ 7,50,000 (Rupees Seven Lacs Fifty Thousand Only) per annum for a period of 5 years, commencing from May 29, 2014.

RESOLVED FURTHER THAT an additional Honorarium of ₹ 2,50,000 (Rupees Two Lacs Fifty Thousand Only) per annum, shall be paid to her, if she is also a Chairperson of

any Committee(s) of the Board or may become so in future, from the date of such appointment.

RESOLVED FURTHER THAT the above remuneration shall be in addition to fees payable to the director for attending the meetings of the Board or Committee thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company (including Nomination and Remuneration Committee) be and is hereby authorized to do all such acts and to take all steps as may be necessary, proper or expedient to give effect to this resolution.”

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of the resolution(s) passed earlier, pursuant to Section 180(1)(c) of Companies Act, 2013 (corresponding to Section 293(1)(d) of Companies Act, 1956) and other applicable provisions, if any, the Board of Directors of the Company (hereinafter called “the Board”, which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purposes), be and is hereby authorised to borrow from time to time as it may think fit, by way of loans or any other financial facilities from, or issue of bonds, debentures or other securities whether convertible into equity/preference shares and/or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to, bank(s), financial or other institution(s), mutual fund(s), Non-Resident Indians, foreign institutional investors or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not, whether unsecured or secured, and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the outstanding amount so borrowed shall not at any point of time exceed the limit of ₹ 6,000 crore (Rupees Six Thousand crore only).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.”

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Section 180(1)(a) of Companies Act, 2013 (corresponding to Section 293(1)(a)

of Companies Act, 1956) and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company (hereinafter called “the Board”, which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purposes), be and is hereby authorised to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, or the whole, or substantially the whole, of the undertaking or undertakings of the Company, and with such ranking as to priority and for such time and on such terms and in such manner as the Board may think fit, in favour of lenders, agents, trustees and other agencies to secure the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and/or working capital facilities and/or Securities issued/ to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013 as may be available to the Company from time to time, together with interests, compound/additional interest, commitment charges, costs, expenses and all other monies payable by the Company to the concerned lenders.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of directors or any executive director or directors or any other officer of the Company to give effect to the above resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolutions.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.”

14. To consider and if thought, fit to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to provisions of Section 94 of the Companies Act, 2013 and the Rules made thereunder, the consent of the members be and is hereby accorded to the Board of Directors of the Company for keeping the Register of Members together with the Index of Members, the Register of debenture holders together with the Index of debenture holders, if any, under Section 88 of the Companies Act, 2013, at the office of Registrar and Transfer Agent, Karvy Computershare Private Limited, 305, New Delhi House, 27, Barakhamba Road, New Delhi-110 001 or at such places within Delhi where the Registrar and Transfer Agent may shift its office from time to time, instead of the Registered Office of the Company.

RESOLVED FURTHER THAT the Directors and Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, things as may be necessary, to give effect to the foregoing resolution.”

15. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 62(1) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendments thereto or re-enactment thereof) (the “Companies Act”) and such approvals, permissions, consents and sanctions as may be necessary from the Government of India (“GOI”), the Reserve Bank of India (“RBI”), all other applicable laws and regulations including the rules, regulations, guidelines, notifications and circulars prescribed by the Securities and Exchange Board of India (“SEBI”), including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “ICDR Regulations”), the provisions of the Foreign Exchange Management Act, 1999, as amended (“FEMA”) and regulations thereunder, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended and subject to the approvals, consents, permissions and/or sanctions of the Ministry of Finance (Department of Economic Affairs) and Ministry of Commerce & Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and all other ministries, departments or other authorities of the GOI, SEBI, RBI, and/or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the stock exchanges where the Company’s equity shares of face value of Rs. 10 each (the “Equity Shares”) are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, SEBI and/or any other competent authorities and clarifications issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee thereof) consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), through a placement document/offer document and/or prospectus and/or offer letter and/or offering circular, from time to time, in one or more tranches, whether rupee denominated or denominated in foreign currency, in the course of international and/or domestic offering(s) in one or more foreign markets and/or domestic market, for a value of up to USD 500 Million (Five Hundred Million Dollars only), representing such number of Equity Shares, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), Foreign Currency Exchangeable Bonds (FCEBs) and/or Equity Shares through Depository Receipt Mechanism and/or Fully Convertible Debentures (FCDs)

and/or Non-Convertible Debentures (NCDs) with warrants, or any other financial instruments convertible into or linked to Equity Shares and/or any other instruments and/or combination of instruments with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form (hereinafter collectively referred to as the "Securities") or any combination of Securities to any eligible investor including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise), qualified institutional buyers, institutions/banks and/or incorporated bodies and/or individuals and/or trustees and/or stabilizing agent or otherwise, foreign institutional investors, venture capital funds, foreign venture capital investors, qualified foreign investors, alternative investment funds, multilateral and bilateral financial institutions, state industrial development corporations, insurance companies, provident funds, pension funds, insurance funds set up by army, navy, or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, development financial institutions, Indian mutual funds, non-resident Indians, promoters, members of group companies, Indian public, bodies corporate, companies (private or public) or other entities, authorities and/or any other categories of investors, whether they be holders of Equity Shares of the Company or not (collectively called the "Investors") including allotment in exercise of a green shoe option, if any, by the Company, through public issue(s), including issuance of Equity Shares through an institutional placement programme under Chapter VIIIA of the ICDR Regulations, private placement(s) or a combination thereof, including issuance of Securities through a qualified institutions placement under Chapter VIII of the ICDR Regulations, at such time or times, at such price or prices, at a discount or premium to the market price or prices, including discounts as permitted under applicable law in such manner and on such terms and conditions including security, rate of interest, conversion etc., as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the lead managers, or other advisor(s) for such issue(s), as the Board in its absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT if any issue of Securities is made by way of a qualified institutions placement in terms of Chapter VIII of the ICDR Regulations (hereinafter referred to as "Eligible Securities" within the meaning of the ICDR Regulations), the allotment of the Eligible Securities, or any combination of Eligible Securities as may be decided by the Board shall be completed within twelve months from the date of passing of this resolution or such other time as may be allowed under the ICDR Regulations from time to time at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations and the Eligible Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognized

stock exchange, or except as may be permitted from time to time under the ICDR Regulations. The Company may, in accordance with applicable law, also offer a discount of not more than 5% or such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the ICDR Regulations.

RESOLVED FURTHER THAT in the event that Equity Shares are issued to Qualified Institutional Buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board (or a duly authorized Committee thereof) decides to open the proposed issue of Equity Shares and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations.

RESOLVED FURTHER THAT in the event that convertible securities and/or warrants which are convertible into Equity Shares of the Company are issued simultaneously with non-convertible debentures to qualified institutional buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of such securities/warrants, shall be the date of the meeting in which the Board (or a duly authorized Committee thereof) decides to open the issue of such convertible securities and/or warrants simultaneously with non-convertible debentures and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations.

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as FCCBs, FCEBs, ADRs or GDRs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board (or a duly authorized Committee thereof) decides to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme, 1993 and other applicable pricing provisions issued by the Ministry of Finance.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT:

- (a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company at any point in time; and
- (b) the Equity Shares that may be issued by the Company

shall rank *pari passu* with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT the issue of Securities which are convertible into Equity Shares shall, *inter alia*, be subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the Equity Share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced *pro tanto*;
- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares shall stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;
- (c) in the event of any merger, amalgamation, takeover or any other re-organization, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted; and
- (d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or re-classification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made.

RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint lead managers, underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, stabilizing agent, advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more Stock Exchange(s) in India and/or abroad.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking *pari passu* with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form, terms and timing of the issue(s), including the class of Investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, discount(s) permitted under applicable law (now or hereafter), premium amount on issue / conversion of Securities/ exercise of warrants / redemption of Securities, rate of interest, redemption

period, listings on one or more stock exchange(s) in India and/or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s).

RESOLVED FURTHER THAT the Board shall have all powers and authority to modify, reapply, redo, make necessary changes, approach and to do all requisite filings/ resubmission of any documents(s) and other compliances and to do all such acts and deeds that are necessary to comply with the terms and conditions subject to which approval, sanction, permission etc. would be provided by the Stock Exchange(s), SEBI, FIPB, RBI and any other Appropriate Authority, without being required to seek any further approval of the Members and that the Members shall be deemed to have given their approval thereto for all such acts, deeds, matters and/or things, expressly by the authority of this resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval of the preliminary as well as final offer document(s), placement document or offering circular, as the case may be, execution of various transaction documents, creation of mortgage / charge in accordance with Section 180(1)(a) of the Companies Act, 2013 and the rules made thereunder, in respect of any Securities as may be required either on *pari passu* basis or otherwise as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate (to the extent permitted by law) all or any of the powers herein conferred to any committee of directors or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions and for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of the Securities."

By Order of the Board
For Fortis Healthcare Limited

Date : August 07, 2014
Place : Gurgaon

Rahul Ranjan
Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, is enclosed herewith and forms part of this Notice.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, to be effective shall be duly filled, stamped, signed and deposited, not less than 48 hours before the commencement of the Meeting at the Registered Office of the Company.

Pursuant to the provisions of Companies Act, 2013 and the rules thereunder, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. Pursuant to provisions of Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment/re-appointment at this Annual General Meeting are annexed to the Notice.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 22nd day of September, 2014 to Wednesday, 24th day of September, 2014, both days inclusive.
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. Members / Proxies should bring the Attendance Slip/proxy form duly filled in for attending the Meeting. The members who hold shares in dematerialized form are requested to bring their Client Master List / Depository Participant Statement/ Delivery Instruction Slip, reflecting their Client Id. and DP Id. No. for easier identification of attendance at the meeting.
7. Members are requested to notify any change of address:
 - a. to their depository participants in respect of shares held in dematerialized form, and
 - b. to Company/Registrar and Transfer Agent ("Karvy") in respect of shares in physical form, under their signatures and quoting folio number (including for change of residential status/e-mail id, bank details, etc.).
8. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
9. Corporate members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
10. For security reasons, no article / baggage will be allowed at the venue of the meeting. The members / attendees are strictly requested not to bring any article/baggage, etc. at the venue of the meeting.

11. Those members who have not yet got their Equity Shares dematerialized, are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialized.
12. Members may avail the nomination facility as provided under Section 72 of the Companies Act, 2013.
13. Non-Resident Indian Members are requested to inform Karvy, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement, and
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
14. Members desiring any information as regards the Accounts are requested to write to the Company Secretary, giving at least 7 days notice prior to the date of Annual General Meeting to enable the Management to reply at the Meeting.
15. The notice of Annual General Meeting will be sent to those members / beneficial owners whose name will appear in the register of members / list of beneficiaries received from the depositories as on Thursday, August 14, 2014.
16. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by Companies. Also, the Listing Agreement with the Stock Exchange(s) permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/updating their e-mail address for receiving electronic communications. The notice for annual general meeting alongwith the annual report of the Company will be made available on the Company's website- www.fortishealthcare.com
17. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid application money remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company /Karvy.
19. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

20. Electronic copy of the Notice of the 18th Annual General Meeting of the Company is being sent to all members whose email IDs are registered with the Company/ Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice is being sent in the permitted mode.
21. All documents referred to in the Notice and Explanatory Statement will be available for inspection at the Company's registered office during normal business hours on the working days upto the date of AGM.
22. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the assent or dissent of the shareholders in respect of the resolutions contained in the Annual General Meeting Notice is also being taken through e-voting facility provided through Karvy Computershare Private Limited.
23. The e-voting event number, User Id and Password along with the detailed instructions for e-voting are provided in the notice of e-voting, being sent along with the Notice of Annual General Meeting.
24. The result on resolutions shall be declared on or before closing business hours on Friday, September 26, 2014 at the registered office of the Company and shall also be available on the website of the Company. The resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the resolutions.

EXPLANATORY STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

Item No. 4

In accordance with the provisions of Section 152 of the Companies Act, 2013, read together with the Articles of Association of the Company, Mr. Gurcharan Das is liable to retire by rotation at the Annual General Meeting (AGM) of the Company.

In terms of Company's policy on Director's Retirement, Mr. Das, having attained the age of superannuation, has not offered himself for re-appointment. Since no proposal has been received for filling up the vacancy, it is decided not to appoint any director in place of Mr. Gurcharan Das at the AGM.

The Board of Directors commends the resolution as set out at Item No. 4 for approval of the members.

None of the Directors /Key Managerial Personnel/their relatives, except Mr. Das himself, are, in any way, concerned or interested in the Resolution.

Item No. 5

The Board of Directors of your Company had co-opted Mr. Udai Dhawan as an Additional Director (Nominee Director on behalf of M/s. Standard Chartered Private Equity (Mauritius) III Limited) w.e.f. February 11, 2014, in terms of Section 161 of the Companies Act, 2013 (hereinafter referred to as "the Act"). The brief resume of Mr. Dhawan as required under Clause 49 of the Listing agreement is provided elsewhere in this Notice.

As per the provisions of Section 161 of the Act, he will hold office upto the date of this Annual General Meeting. The Company has received a notice in writing in terms of Section 160 of the Act, alongwith a requisite deposit, proposing his candidature for the office of Non Executive Non Independent Nominee Director of the Company, liable to retire by rotation.

The Nomination and Remuneration Committee has recommended the appointment of Mr. Dhawan as Nominee Director.

Further, he is not disqualified from being appointed as Directors in terms of Section 164 of the Act and has given his consent to act as Director.

Except Mr. Udai Dhawan, being an appointee, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

The Board of Directors commends the resolution as set out at Item No. 5 for approval of the members.

Item No. 6

The Board of Directors of your Company had co-opted Ms. Lynette Joy Hepburn Brown as an Additional Director w.e.f. May 29, 2014, in terms of Section 161 of the Companies Act, 2013 (hereinafter referred to as "the Act"). The brief resume of Ms. Brown as required under Clause 49 of the Listing agreement is provided elsewhere in this Notice.

As per Section 161 of the Companies Act, 2013, she will hold office upto the date of this Annual General Meeting.

The Nomination and Remuneration Committee has recommended the appointment of Ms. Brown as an Independent Director.

The Director has given a declaration to the Board that she meets the criteria of independence as provided in Section 149(6) of Companies Act, 2013. Further, she is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

Copy of the draft letter of appointment is available for inspection by members at the Registered Office of the Company.

Except Ms. Brown, being an appointee, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

The Board of Directors commends the resolution as set out at Item No. 6 for approval of the members.

Item Nos. 7 to 10

The Company had, pursuant to the provisions of Listing Agreement appointed Mr. Pradeep Ratilal Raniga, Dr. Preetinder Singh Joshi, Ms. Joji Sekhon Gill and Dr. Brian William Tempest as Independent Directors of the Company, at different times.

In terms of Section 149 of Companies Act. 2013 (w.e.f. April 1, 2014) and Clause 49 of Listing Agreement (as amended), the aforementioned directors fulfill the eligibility criteria of being appointed as Independent Directors, not liable to retire by rotation for a term of five years.

The Nomination and Remuneration Committee has recommended the appointment of Mr. Pradeep Ratilal Raniga, Dr. Preetinder Singh Joshi, Ms. Joji Sekhon Gill and Dr. Brian William Tempest

as Independent Directors for a period of five years and they shall not be liable to retire by rotation.

The Directors have given a declaration to the Board that they meet the criteria of independence as provided in Section 149(6) of Companies Act, 2013.

Brief resume of all the above mentioned directors as stipulated under Clause 49 of the Listing Agreement is given separately and forms part of the notice.

Copies of the draft letters for respective appointments are available for inspection by members at the Registered Office of the Company.

The aforesaid directors, being appointees, are interested in their respective appointments. Besides this, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the said resolutions.

The Board of Directors commends the resolutions as set out at Item Nos. 7 to 10 for approval of the members.

Item No. 11

The Non Executive Directors play a very critical and significant role in supporting independent decision making on the board. Ms. Lynette Joy Hepburn Brown, also bring in strategic guidance, leadership and an independent view to the Company's Management with discharging their fiduciary responsibilities, thereby ensuring that the Management adheres to highest standards of ethics, transparency and disclosure. In line with the remuneration paid to other Non-Executive Directors of the Company, it is proposed that in addition to payment of sitting fees, an honorarium should also be paid to Ms. Lynette Joy Hepburn Brown.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on August 7, 2014, recommended the payment of honorarium of an amount of ₹ 7.50 Lac per annum from the date of her appointment, which amount shall be increased by ₹ 2.50 Lac per annum, from the date of such appointment, in case such Non-Executive Director is also a Chairperson of any Committee(s) of the Board of Directors, subject to the approval of the Central Government.

As per Section 197 of the Companies Act, 2013, the Non-Executive Director may be paid remuneration by way of a monthly, quarterly or annual payment with the prior approval of the Shareholders and Central Government.

Except Ms. Lynette Joy Hepburn Brown, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

The Board of Directors commends the resolution as set out at Item No.11 for the approval of the Members as Special Resolution.

Item Nos. 12 & 13

The shareholders of the Company had, by way of Postal ballot, results whereof were announced on July 19, 2010, authorised the Board to borrow money up to ₹ 6,000 crore (Rupees Six Thousand crore) and to create charges, mortgages and hypothecations, in favour of lenders, agents, trustees and other agencies to secure

the borrowings of the Company, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956.

In terms of Section 180 of the Companies Act, 2013, (w.e.f. September 12, 2013) the consent of the Company by way of special resolution is required in case borrowing is in excess of the company's paid up capital and free reserves. Further, as per the clarification issued by Ministry of Corporate Affairs, approval granted by the shareholders under Companies Act, 1956 shall be valid only for one year upto the date of notification of Section 180 of the Act (i.e. upto September 11, 2014).

It is therefore, necessary for the members to pass Special Resolutions under Section 180(1)(c) and Section 180(1)(a) of the Act, as set out in Item Nos. 12 and 13 of the Notice.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the said resolutions.

The Board of Directors commends the resolutions as set out at Item Nos. 12 and 13 for approval of the members as Special Resolutions.

Item No. 14

Section 94 of the Companies Act, 2013 provides that for keeping the register of members together with Index of members, register of debenture holders together with Index of debenture holders, etc. at a place other than the registered office of the Company, approval of members by way of Special Resolution is required.

Since the register of members together with index of members, will be kept with Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company at their Delhi office situated at 305, New Delhi House, 27, Barakhamba Road, New Delhi-110 001, approval of the members is sought by way of special resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 14.

The Board of Directors commends the resolution as set out at Item No. 14 for approval of the members as Special Resolution.

Item No. 15

The Members are aware that underlying businesses of the Company and its subsidiaries and associates continue to demand capital for its growth and expansion and considering buoyancy in capital market and global investor's appetite, it is necessary that the company should be ready for window of opportunity for capital raising going forward as and when the opportunity arises. The Board shall utilize the proceeds for making downstream investments in subsidiaries, joint ventures or associates by way of equity, preference capital, or debt to fund the growth of existing businesses or to enter into new businesses, repayment of debt and other obligations, making strategic acquisitions and general corporate purposes.

Pursuant to the above, the Board of Directors (the "Board", which term shall be deemed to include any committees thereof for the time being exercised the powers conferred on the Board) may, in one or more tranches, issue and allot Securities on such date as may be determined by the Board but not later than 12 months from the date of passing of the resolution.

The aforesaid Issue of Securities will be subject to receipt of

requisite approvals from Appropriate Authorities, as applicable.

This enabling Special Resolution seeks to empower the Board to issue securities in Indian and/or international markets as contemplated in the resolution set out above and as decided by the Board up to a limit of USD 500 Million (Five Hundred Million Dollars) or its equivalent in Indian rupees and found to be expedient and in the interests of the Company.

Considering the above, the Board of Directors at the Company on August 7, 2014, approved the raising of funds by issue of Equity Shares of the Company, and/or any instrument convertible into Equity Shares. The proposed Resolution also seeks to give power to the Board to issue Equity Shares, GDRs, ADRs, FCCBs, FCEBs, FCDs, NCDs with warrants or any other financial instruments convertible into or linked to Equity Shares through public issue(s) and/or private placements in accordance with applicable law. The special resolution also authorizes the Board of Directors of the Company to undertake a Qualified Institutions Placement with Qualified Institutional Buyers (QIBs) in the manner as prescribed under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended (the "ICDR Regulations") for raising capital. The pricing of the Specified Securities to be issued to QIBs pursuant to the said SEBI Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the relevant provisions of the said SEBI Regulations.

The Special Resolution also seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the issue(s)/offering(s) will be determined by the Board or its committee in its sole discretion in consultation with the advisors, lead managers, underwriters and/or such other authority or authorities, in accordance with the terms of approval of the Government of India, Reserve Bank of India and such other authorities, as may be necessary considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The offer/issue/allotment/conversion/redemption would be subject to the availability of regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the Stock Exchanges as may be required under the provisions of the Listing Agreement.

Section 62(1) of the Companies Act, 2013 (the "Act") and the rules made thereunder provides, *inter alia*, that when it is proposed to increase the issued capital of a company by allotment of further Equity Shares, such further Equity Shares shall be offered to the existing shareholders of such company in the manner laid down in Section 62(1) of the Act unless the shareholders in a General Meeting decide otherwise. Since, the Special Resolution proposed in the business of the Notice may result in the issue of Equity Shares of the Company to persons other than shareholders of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 62(1) and other applicable provisions of

the Act and in terms of the provisions of the Listing Agreement(s) executed by the Company with the Stock Exchanges where the Equity Shares of the Company are listed.

The issue price of the securities to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions and the Securities will be listed on the Stock Exchanges as may be advised by the Board.

The Board may in its discretion adopt any one or more of the mechanisms, prescribed above, to meet its objectives as stated in the aforesaid paragraphs without the need for fresh approval from the shareholders of the Company.

The Special Resolution, if passed, will have the effect of allowing the Board to offer, issue and allot Securities to the Investors, who may or may not be the existing shareholders of the Company.

The said resolution also enables the Board to create mortgage/charge on the property/ assets of the Company in respect of any debt securities proposed to be offered by the Company.

Directors of the Company may be deemed to be concerned or interested in the passing of resolution to the extent of securities issued/allotted to them or to the companies in which they are director or members.

The Board of Directors of the Company commends the resolution set out at Item No. 15 for the approval of the shareholders as a Special Resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(a) **Mr. Sunil Naraindas Godhwani**, aged 54 years, is the Chairman and Managing Director of Religare Enterprises Limited and is the driving force behind the group and its vision. Mr. Sunil, with his strong leadership skills, believes in leading from the front and has nurtured a culture that is entrepreneurial, result oriented, customer focused and based on teamwork. He has given strategic direction to Religare's growth since his joining in 2001 and has been a key force in giving birth to Religare's current shape and form. Prior to joining Religare, Mr. Sunil had a diverse and wide-ranging experience of over two decades in managing large scale business ventures.

Mr. Sunil is a prominent Industry spokesperson and is an active participant across various platforms such as the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce & Industry (FICCI). He has also been honored with many awards and accolades globally.

Born and raised in New Delhi, India, he pursued his higher studies internationally. He received a B.Sc. Degree in Chemical Engineering and a M.Sc. in Industrial Engineering & Finance from Polytechnic Institute of New York.

Companies (other than Fortis Healthcare Limited) (excluding Private Companies, Foreign Companies and Section 8 Companies) in which Mr. Godhwani holds Directorships:

Religare Commodities Limited

Aegon Religare Life Insurance Company Limited

Religare Health Insurance Company Limited
 Ligare Voyages Limited
 SRL Limited
 Vistaar Capital Advisors Limited
 Religare Invesco Trustee Company Private Limited
 Religare Enterprises Limited
 Religare Capital Markets Limited
 HealthFore Technologies Limited

***Details of Membership in Committees of other Companies (excluding Private Companies, Foreign Companies and Section 8 Companies)**

S. No.	Name of Company	Name of Committee	Designation (Chairman/ Member)
1.	SRL Limited	Share Allotment and Shareholders'/ Investors' Grievance Committee	Chairman
2.	Religare Enterprises Limited	Audit Committee	Member
		Shareholder and Investor Grievance Committee	Member
3.	AEGON Religare Life Insurance Company Ltd.	Audit Committee	Member
4.	Religare Health Insurance Company Ltd	Audit Committee	Member
5.	Religare Invesco Asset Management Company Ltd.	Audit Committee	Member
		Investor Services Committee	Member

*Includes only Audit Committee and Shareholder's/Investor Grievance Committee

Shareholding in the Company: 38,500 equity shares of ₹ 10 each.

- (b) **Mr. Udai Dhawan**, aged 42 years, is the Managing Director with Standard Chartered Private Equity (SCPE) and leads the private equity business in India. He joined SCPE in 2008 and has since then been involved with several of the fund's investments including Café Coffee Day, Fortis Healthcare, Endurance, Firepro, GMR Airports, Interglobe, Sutherland and Varun Beverages. Prior to SCPE, he worked for 13 years in financial services focused on corporate investing, M&A and corporate finance, both in India and the United States. Udai's roles have included Senior Vice President at Kotak Mahindra Capital where he lead energy and transportation investment banking, Director of Corporate Development at Sabre Inc. where he executed corporate investments of over USD 1 BN, and as a Consultant with Arthur Andersen in the corporate finance and tax practices.

Mr. Udai has an MBA from the Wharton School, University of Pennsylvania and is a Chartered Accountant from the Institute of Chartered Accountants of India.

Companies (other than Fortis Healthcare Limited) (excluding Private Companies, Foreign Companies and Section 8 Companies) in which Mr. Udai Dhawan holds Directorship:

Amalgamated Bean Coffee Trading Company Ltd.
 Varun Beverages Limited
 Powerica Limited

***Details of Membership in Committees of other Companies (excluding Private Companies, Foreign Companies and Section 8 Companies)**

S. No.	Name of Company	Name of Committee	Designation (Chairman/ Member)
1	Varun Beverages Limited	Audit Committee	Member

*Includes only Audit Committee and Shareholder's/Investor Grievance Committee

Shareholding in the Company: NIL

- (c) **Ms. Lynette Joy Hepburn Brown**, aged about 56 years, is an executive leader with over 30 years experience in healthcare, mergers and acquisition, private equity, education, regulatory and nursing services management across Asia Pacific. She is the former executive manager, chief executive and board member of regulatory authorities, aged care facilities, mental health facilities, public and private hospitals, clinical services, nursing and healthcare agencies in Australia, and is presently an executive and non-executive Director for several organisations across the technology, healthcare, consulting, private equity and memorial sectors.

Ms. Lyn holds a Bachelor of Nursing from the University of South Australia and is a past chair of the Australian Nursing and Midwifery Council as well as a past board member of the Nurses Board of South Australia. She is an Adjunct Associate Professor to the Division of Health Sciences of the University of South Australia.

She negotiated the successful sale of the Nursing Agency of Australia Group to DB Capital Partners Limited in 2004. Ms. Lynette has also served as Chairperson and consultant to the Board of Pacific Nursing Solutions - which was established on the back of the Nursing Agency of South Australia Group acquisition - managing the acquisition of complementary businesses. The successful investment by DB Capital Partners Limited was recognised in the 2006 AVCAL awards as the best MBO under A\$50 million.

Companies (other than Fortis Healthcare Limited excluding Private Companies, Foreign Companies and Section 8 Companies) in which Ms. Lynette Joy Hepburn Brown holds Directorship - None

Details of Membership in Committees of other Companies (excluding Private Companies, Foreign Companies and Section 8 Companies) - NIL

Shareholding in the Company: NIL

- (d) **Mr. Pradeep Ratilal Raniga**, aged about 57 years, has rich experience of over 32 years in the fields of accounting, taxation, legal structures, asset protection, financial planning, and financing. Currently, he also serves as a Financial Consultant to various companies in Australia, a country to which he migrated in 1985, from South Africa.

Prior to branching out independently, Pradeep was with HLB Mann Judd, Melbourne, rising to Partner and Member of the firm's Executive Committee. Before that he was a Partner at Farrar Jeena & Company, South Africa.

Pradeep has a Bachelors degree in Commerce from the University of Durban Westville, South Africa, and a Post-Graduate Diploma in Accounting from the University of Natal, South Africa. He has qualified as a Chartered Accountant in South Africa and is also a member of the Australian Institute of Chartered Accountants.

Companies (other than Fortis Healthcare Limited, excluding Private Companies, Foreign Companies and Section 8 Companies) in which Mr. Pradeep Ratilal Raniga holds Directorship- Dion Global Solutions Limited.

Details of Membership in Committees of other Companies (other than Fortis Healthcare Limited, excluding Private Companies, Foreign Companies and Section 8 Companies) - NIL

Shareholding in the Company: NIL

- (e) **Dr. Preetinder Singh Joshi**, aged about 66 years, is an eminent Cardiologist, holds an MBBS degree in Medicine from Medical College, Amritsar (Punjab University, Chandigarh, 1970) and MD degree in Cardiology & General Medicine from Maulana Azad Medical College (Delhi University, 1974). (He stood first in the University and was declared best graduate of Medical College, Amritsar). He became a member of Royal College of Physicians, UK (MRCP) in 1978.

He is a Fellow of American College of Cardiology (FACC), Fellow Royal College of Physicians Edinburgh (FRCP) and Fellow Cardiological Society of India. He has over 40 years of experience in medical profession in India and abroad. He has held many positions of responsibility including Directorship and Head, Department of Medicine & Cardiology Divisions in Escorts Medical Centre, Birla Centre for Medical Research, New Delhi & Maharaj Sawan Singh Charitable Hospital, Beas.

Companies (other than Fortis Healthcare Limited) (excluding Private Companies, Foreign Companies and Section 8 Companies) in which Dr. Preetinder Singh Joshi holds Directorship -

Escorts Heart Centre Limited
Oscar Investments Limited
Fortis Hospitals Limited
SRL Limited
Fortis Hospital Management Limited
SRL Diagnostics Private Limited
HealthFore Technologies Limited

***Details of Membership in Committees of other Companies (excluding Private Companies, Foreign Companies and Section 8 companies)**

S. No	Name of Company	Name of Committee	Designation (Chairman/Member)
1.	Oscar Investments Limited	Audit Committee	Chairman
		Shareholders'/Investors' Grievance and Share Transfer Committee	Chairman
2	SRL Limited	Audit Committee	Chairman
		Shareholders'/Investors' Grievance Committee	Member

*Includes only Audit Committee and Shareholder's/Investor Grievance Committee

Shareholding in the Company: 33,000 equity shares of ₹ 10 each.

- (f) **Ms. Joji Sekhon Gill**, aged about 49 years, is the Regional Director of Human Resources, Asia Pacific. In this role, she is responsible for talent Strategy for the APAC region. She joined DuPont on August 1, 2012 as the Strategic HR Director for DuPont South Asia.

Prior to this, Joji was the Senior Director for Human Resources for Microsoft India since April 2006. At Microsoft, she was responsible for driving the overall people strategy and building synergies for all the six Microsoft businesses in India. Microsoft has more than 6000 full time employees in India.

Joji has 25 years of international HR expertise and has lived and worked in 3 different continents, worked primarily in the US where she spent 15 years. Prior to joining Microsoft, she worked with Symantec/Veritas Software in California for 2 years in various leadership capacities including Global Leader Talent Acquisition. At Symantec she led a team of HR professionals across the world and drove their Global Talent Acquisition strategy in more than 20 countries. Prior to this, Joji also worked as a Global Head for KLA-Tencor for the HR Business Partner organization. She spent 10 years at KLA-Tencor, two years of which were based in London as the European HR Director.

Joji's experience spans across US, Europe and Asia in countries like China, Taiwan, Japan, Korea and Singapore. She started her career in India with Ranbaxy Pharmaceuticals as an HR Management Trainee, before migrating to the US.

Joji holds a Bachelor's Degree in Economics and a Masters in Personnel Management and Industrial Relations from Punjab University.

Companies (other than Fortis Healthcare Limited, excluding Private Companies, Foreign Companies and Section 8 Companies) in which Ms. Joji Sekhon Gill holds Directorship- NIL

Details of Membership in Committees of other Companies (excluding Private Companies, Foreign Companies and Section 8 Companies) - NIL

Shareholding in the Company: NIL

- (g) **Dr. Brian William Tempest**, aged about 67 years, advises Companies, Banks, Investment Funds, Private Equity & High Net Worth Individuals on their Strategy in Asia based on his wide experience in China, Japan, South East Asia and India where he has lived for the last decade.

Brian started working for Ranbaxy Laboratories in 1995 and held the positions of Regional Director, President, Managing Director and Chief Executive Officer until 2005 when Ranbaxy became the 9th largest Global Generic Pharmaceutical Company. He then became Chief Mentor, Vice Chairman and Non Executive Director until 2008 when he retired. He is one of the few Westerners to have led a Sensex Nifty 50 Indian blue chip MNC and as a result has a valuable insight into India. Brian has also worked for Glaxo as Regional Director-Far East and Regional Director-Middle East & Africa from 1985 to 1992.

He has worked in the Pharmaceutical Industry for the last 42 years and has managed Healthcare Businesses in North America, South America, Europe, Africa, Middle East, Australia, China, Japan and India and has led many sessions at Investor Meetings held around the world from Tokyo to Las Vegas.

Brian speaks at global conferences on the structural changes in the Global Pharmaceutical Marketplace and most of his presentations in the last decade are available on www.briantempest.com.

Brian received a PhD in Chemistry from Lancaster University in 1971 and in 2009 he became Chairman of the

Advisory Board for the Lancaster University Management School. He is a Fellow of the Royal Society of Chemistry and a Fellow of the Royal Society of Medicine. He is now Chairman and Senior Partner at Hale & Tempest Co. Ltd. in the UK and is Editor of the Journal of Generic Medicines.

Companies (other than Fortis Healthcare Limited, excluding Private Companies, Foreign Companies and Section 8 Companies) in which Dr. Brian William Tempest holds Directorship-

SRL Limited

Glenmark Pharmaceuticals Limited

Religare Capital Markets Limited

***Details of Membership in Committees of other Companies (excluding Private Companies, Foreign Companies and Section 8 Companies)**

S. No.	Name of Company	Name of Committee	Designation (Chairman/Member)
1.	Religare Capital Markets Limited	Audit Committee	Member

*Includes only Audit Committee and Shareholder's/Investor Grievance Committee

Shareholding in the Company: NIL

**By Order of the Board
For Fortis Healthcare Limited**

Date : August 07, 2014
Place : Gurgaon

**Rahul Ranjan
Company Secretary**



www.fortishealthcare.com



Excellence Comes in Many Dimensions

18th Annual Report 2013-14



Excellence Comes in Many Dimensions

At Fortis, “Excellence” is truly multifaceted and comes in many dimensions.

From the competence, the unparalleled knowledge and the skill of our attending doctors; from their understanding of the complexities of a difficult case and knowing exactly how to treat it right; from building the best hospitals with the best design and aesthetics, pleasing to the eye, yet simple to navigate; from putting in the latest and best equipment and using the best techniques with the sole thought of healing our patients completely.

From taking a deeper dive into the positivity our patients’ experience as they interact with our hospitals; about the trust they place and the bond they feel with our treating doctors; about the warmth they experience in the care delivered by our nurses, our paramedics or even our house boys.

For us at Fortis, it is about healing, discovering patient emotions and the feelings of the attending family and about exceeding expectations. Exploring these multiple dimensions, to proactively construct the experience itself, beyond the ordinary and achieve the outcomes that are indeed the best for our patients.

Our God certainly lies in the detail and in going the extra mile to care for all those who walk in through our doors, expecting a miracle! And who walk away healed!

To us, “Excellence” does come in many dimensions.



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Company Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr Malvinder Mohan Singh, Executive Chairman
Mr Shivinder Mohan Singh, Executive Vice Chairman

NON-EXECUTIVE DIRECTORS

Dr Brian Tempest
Mr Gurcharan Das
Mr Harpal Singh
Ms Joji Sekhon Gill
Ms Lynette Joy Hepburn Brown
Mr Pradeep Ratilal Raniga
Dr Preetinder Singh Joshi
Mr Sunil Godhwani
Mr Udai Dhawan

CHIEF EXECUTIVE OFFICER

Mr Aditya Vij

GROUP CHIEF FINANCIAL OFFICER

Mr Sandeep Puri

COMPANY SECRETARY

Mr Rahul Ranjan

AUDITORS

M/s S. R. Batliboi & Co. LLP, Chartered Accountants,
New Delhi

REGISTERED OFFICE

Fortis Healthcare Limited
CIN: L85110DL1996PLC076704
Escorts Heart Institute and Research Centre
Okhla Road, New Delhi - 110 025
Tel: +91-11-4713 5000/2682 5000
Fax: +91-11-26825013
Website: www.fortishealthcare.com

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Tel: +91- 40- 4465 5000
Website: www.karvycomputershare.com



Message from the Executive Chairman & the Executive Vice Chairman



Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

This has been yet another year of several important strategic developments in our organisation's evolution and growth. We directed our energies to deepen our commitment and focus on patient centric healthcare delivery and medical excellence, ushering in the latest technologies and expanding our footprint to better serve our patients across the country.

Dear Shareholders,

It gives us great pleasure to reach out and share our thoughts with you through our Annual Report for 2013-14.

Healthcare Scenario

The need to ensure a "healthy population" is a theme that continues to challenge most of the nations of the world. Issues of equitable availability of good quality healthcare at costs that are affordable, confront healthcare planners from both the developed and the developing world. Whereas, the developed world is seeking ways to contain healthcare inflation to manage the burden of lifestyle related diseases, the developing world is struggling with the means and mechanisms to provide basic healthcare to its population that is grappling with issues of public health, communicable diseases and the onslaught of non-communicable diseases. The Global healthcare agenda must address several pressing and emergent challenges that include public health deficiencies in large parts of Asia and Africa, continuing challenges of communicable diseases in some of the most populated areas of the world, care for a population that is ageing, pandemics that result from natural disasters attributed to climate change, the resurgence of dreaded diseases, and the overarching need to provide Universal Health.

Human ingenuity is at work to develop solutions to address many of these problems. Technology and innovation, coupled with a new found conviction that prevention is better than cure, are set to be the major drivers of progress in the coming years. Both technology



and innovation will encourage healthcare systems to ‘leapfrog’ into the future through a rapid scale up of outreach efforts, improved reliability and lower delivery cost. A focus on preventive healthcare will both delay and diminish the onset of disease with better lifestyle habits that create a healthier world.

Strategic Direction

This has been yet another year of several important strategic developments in our organisation’s evolution and growth. We directed our energies to deepen our commitment and focus on patient centric healthcare delivery and medical excellence, ushering in the latest technologies and expanding our footprint to better serve our patients across the country.

Over the years, Fortis has been recognised as an organisation that has shaped the development of India’s corporate healthcare delivery sector. This leadership is manifest in several

ways as we have endeavoured in our pursuit to bring about greater accessibility, affordability and reliability in delivering healthcare. Our approach has been to develop progressive healthcare delivery models with an unrelenting focus on according primacy to quality and medical excellence, even as we forayed into select overseas markets.

Just a few years ago, against the backdrop of the Global meltdown, we had taken a call to invest in select sectors of healthcare delivery in a number of countries in the APAC region. This decision expectedly led to significant value creation, both financially as well as in enhancing our understanding of regional healthcare delivery practices. It also added substantially towards strengthening our international relationships and in building brand Fortis overseas.

We have long recognised the compelling investment and growth opportunity in India and built a

Over the years, Fortis has been recognised as an organisation that has shaped the development of India’s corporate healthcare delivery sector. This leadership is manifest in several ways as we have endeavoured in our pursuit to bring about greater accessibility, affordability and reliability in delivering healthcare.



substantial healthcare business in the Country. The continued downturn in economic growth in the last few years has accentuated the attractiveness of India as a destination for investment and has led us to alter our country mix, further emphasising the importance of India in our growth plans. Importantly, during this period we were able to substantially enhance the value of our international investments and as a result were able to divest most of our overseas assets at a significant profit, with the money being ploughed back into India. The positive impact of this strategic shift has resulted in the strengthening of the Company's balance sheet and has positioned us strongly to expand our footprint and augment capacity in the Country. We clearly see tremendous opportunity for growth and investment in further strengthening the healthcare infrastructure and delivery mechanism in India, and will continue to focus on expanding our operations here, over

the next many years.

In addition, as an endorsement of our strategy we have had the infusion of over ₹ 1000 Crore, into Fortis Healthcare, by knowledgeable and highly reputed investors. Coupled with the divestiture proceeds and the aforementioned fund raise, we have today a much healthier Balance Sheet with a debt equity ratio of less than 0.2x down from the 1.1x levels in the previous year.

The Indian Healthcare Scenario – Developing Opportunities

As we see it, “Affordability, Accessibility and Reliability” in healthcare delivery services will continue to be the dominant challenges to be addressed in India for several years to come. The majority of our country's citizens need the where-with-all to have access to quality healthcare. India, as is the reality in most developing nations, has a dual

disease burden – at one end there are challenges related to public and primary health and at the other is the onslaught of Non Communicable Diseases (NCDs). Both these need to be tackled on war footing. Whereas both public and primary healthcare services reside primarily in the domain of the Government, management of NCDs, entailing high capital expenditure is largely led by the private sector.

To offset the need to infuse high capital investments in new projects and enable rapid scale up, Fortis has adopted an innovative business model; the formation of the Religare Health Trust, a Business Trust listed in Singapore in which Fortis continues to hold a 28% stake. This is the single most significant step that enables Fortis to operate a long-term asset light strategy.

With the Company's healthy Balance Sheet and the asset light vehicle now available through the Religare Health Trust (RHT), we are well positioned to undertake further investments. The RHT enables us to build upon our “transit strategy” where we can use the Fortis Balance Sheet as an effective bridge to acquire new facilities and assets. These can be subsequently transitioned to the more efficient RHT structure, so we can unlock capital and continue to stay asset light in Fortis while setting up a virtuous cycle for accelerated growth. Fortis has successfully pioneered this concept in the region and with India now opening its doors to the setting up of REITs, many others are expected to follow suit.

Fortis' existing hospital sites also offer a huge opportunity to build additional infrastructure and add beds at marginal cost, whilst leveraging the on-site engineering and other hospital services. Today, our Company is in an advantageous position where it can significantly enhance its bed

capacity with the potential to reach approximately 10,000 beds over a period of time, largely through existing facility expansion.

During the year, the Company launched two new facilities i.e. Fortis Memorial Research Institute (FMRI), Gurgaon (450 beds), Fortis Ludhiana (260 beds) and a few brownfield bed expansions in select locations, increasing the current bed capacity by approx. 800 beds during the year. The Company also recently launched a 55 bed facility i.e. the Fortis Cancer Institute at Mohali. Together with the projects that have been announced and others that are in the pipeline, we should be able to add around 500-600 beds annually over the next few years.

'Lakshya' – The Fortis Road Map

The Fortis leadership team has launched a novel Company-wide programme titled “Lakshya”. This programme focuses on five strategic themes that define the core of what we are all about. The success in managing each of these themes well will determine our achievements in the years to come. These five themes lay emphasis on Clinical Excellence, Patient Care, Talent Engagement, Investor Confidence and Community Connect. Detailed plans have been drawn up for each of these themes that will lead our organisational thrust as we move into the future. This programme is unique because it directs organisational energy into lag indicators, appropriate actions that will deliver value to our patients and stakeholders as an outcome. We believe that the Lakshya programme provides the necessary vehicle for us as an organisation to build upon our strengths and core areas, ensuring thereby that we consolidate and sustain our pre-eminent position of leadership in the healthcare delivery space.

Pursuing Medical Excellence

We continue to power our way forward in pursuit of Medical Excellence. Several quality initiatives, along with the development and expansion of super speciality medical offerings are being run programatically across our large network to drive standardisation and reliable delivery of outcomes.

The year gone by has seen the strengthening and expansion of organisational capability in Cardiac Sciences, Neuro Sciences, Oncology, Orthopaedics, Mother & Child Health, Gastrointestinal Medicine, Renal Sciences, Emergency Services and Transplant Medicine. Our Clinical leaders, from across the network increased their participation in several internationally led research projects, including in the domain of stem cell therapy.

We are also very pleased that our flagship, the FMRI which was set up last year in Gurgaon with the objective of delivering world-class futuristic healthcare, has fast become a distinctive landmark in the region for its exceptional clinical services and patient care. Many patients not only from India but from all parts of the world have passed through its portals and have experienced healing at its best. We feel extremely proud in sharing with you that the FMRI has been ranked No. 2 in the just concluded study of the best hospitals in the world conducted by www.topmastersinhealthcare.com, showcasing the “30 Most Technologically Advanced Hospitals in the World.” FMRI stood tall among the giants and was ranked above several renowned hospitals, such as the Johns Hopkins Hospital (United States), Bumrungrad International Hospital (Thailand), Mayo Clinic Cancer Center (United States), and Cleveland Clinic (United States).

We are also visibly elated

medical breakthroughs



Patient
Baby Roona Begum

Hospital
Fortis Memorial Research Institute, Gurgaon

Doctor
Dr Sandeep Vaishya

Speciality
Neurosurgery



Before Surgery



Recent

Baby Roona Begum, a 2-year-old girl, suffering from Hydrocephalus, a rare condition wherein the head swells abnormally, was treated at the Fortis Memorial Research Institute. The girl, when admitted, had a head circumference of 94 cm, making it one of the rarest cases in medical history. A team of neurosurgeons first drained out the fluid from the child's head and then conducted a series of skull remodelling surgeries over a 10-month period bringing down the child's head circumference to 58 cm. She underwent six complex surgeries, of which four were Cranial Vault Remodelling procedures. The treatment of the child, daughter of a daily wage labourer from Tripura, was supported by the Fortis Foundation.

at the setting up of India's first comprehensive Centre for Treatment of End-stage Heart Failure & Transplant, at the Fortis Malar Hospital in Chennai, known for over two decades of excellence in cardiac care. The speciality centre offers India's first Comprehensive Heart Failure, Heart Transplant and Artificial Heart Programme, and is a designated Ventricular Assist Device (VAD) Destination Therapy Centre with extensive options for treatment and management of Congestive Heart failure. Over 20 successful heart transplants have already been performed at the hospital giving a fresh lease of life to patients - undoubtedly, a rare feat that does India and Fortis proud. There are many more examples within the Fortis network that are equally heart-warming and give us the faith to continue with our endeavour to expand the reach of healthcare, making it accessible to all.

Pathology, Imaging & Radiology Services Gaining Ground

Another area that is continuing to witness robust growth is the Pathology, Imaging & Radiology Diagnostics space. Diagnostics is the single most important tool and a window to understand the propensity, prevalence, stratification and subsequent prevention and treatment of diseases across our country. An understanding of geographic disease profile enables the development of National level strategies for both prevention and treatment. Currently, the challenges of accessibility, affordability and an organised approach at mapping the diagnostic profile of our citizens are hurdles that need to be overcome to move forward in any significant manner.

Only 10% of the market is presently in the organised sector, with

a set of standardised protocols and quality standards. SRL, a subsidiary of Fortis, focussed on both pathology and radiology, has emerged as the undisputed leader in this arena, setting new standards in quality, testing, research and comprehensiveness of tests. With the largest footprint of laboratories and collection centres dotting India's landscape, SRL has established itself as the National brand of choice.

SRL has also acquired the capability to do disease specific research across all specialities. It has now developed plans to set up a centre of excellence in Cancer related pathology diagnostics and research that will focus on Basic Science, Prevention and Personalised Risk Assessment, Early Detection and Treatment, Personalised Advanced Cancer Therapy and Care Innovation.

Given the importance of creating a healthy nation, SRL has a strong focus on wellness, carrying out 'Preventive Health Checks' through its various centres spread across the country. This helps immensely in containing treatment costs and preventing 'loss of productivity' that may be caused as a result of the disease remaining undiagnosed.

SRL continues to move up the value chain by constantly adding distinctive, advanced and complex new generation tests (genomics/ proteomics), that provide accurate predictive markers, indicative of susceptibility to certain disease profiles, so steps can be taken pre-emptively to remain healthy. It has translational research tie ups with several well-known international research organisations that enable SRL to maintain its technological leadership. Thanks to SRL's reach and network, it has become the most preferred partner for undertaking Clinical Trial Testing for Pharma companies and Contract Research Organisations (CROs). Not only is

SRL able to deliver unmatched quality, the turnaround time for reporting test results is also very effective.

FY2014 was a landmark year for SRL in more ways than one. Apart from delivering a robust financial performance during the year gone by, the Company bagged various prestigious awards in 2013-14, including the FICCI Healthcare Excellence Awards 2013 for Operational Excellence in Healthcare Delivery; the Frost & Sullivan India Healthcare Excellence Award 2013 – as the Diagnostic Service Provider Company of the Year; and Cloud Conqueror IT Award – 2013 for implementation of "CLIMS Cloud". SRL was listed among India's fastest growing mid-sized companies by Inc. India, for their India 500 Awards, 2013. It was also the highest ranked, among healthcare companies.

We are very optimistic about the diagnostics sector and see SRL continuing in a leadership position in India.

Human Resources

We continue to focus on not only developing leaders for the healthcare sector but also on attracting and nurturing the best medical and nursing talent. One of the major challenges that faces India's healthcare sector today is the shortage of trained personnel, a situation that is expected to continue for years to come. Whilst medical colleges are being built to augment talent supply, it is incumbent upon us, as leaders in the healthcare sector, to invest heavily in the capability development of healthcare professionals. In this regard, Fortis is providing significant attention and focus on running institutionalised training and development programmes for both medical and non-medical staff. The programmes seek to upgrade knowledge, technical

and behaviour skills so as to deliver improved medical outcomes, better patient care and efficient management of all healthcare services. The organisation is also active in organising and encouraging participation in Continuing Medical Education programmes and workshops, both nationally and internationally. Additionally, we also seek to implement leading edge human resource practices so as to provide an environment that nurtures growth of talent and provides a vibrant environment for all our employees.

Corporate Social Responsibility

Fortis Healthcare prides itself in being a responsible corporate citizen and it has been deeply involved in bringing about a positive change in society through meaningful initiatives. Several such programmes were implemented during the year through the Fortis Foundation. Global Dignity, originally an initiative of the World Economic Forum, is a programme focussed on school children that was launched in Delhi NCR by the Fortis Foundation, in association with the PwC Foundation. In its first year, the programme touched nearly 2000 children, thereby capturing the imagination of young idealistic minds to contribute to society in a significant manner. This programme was accorded recognition by the World CSR Congress under their “Innovations in Corporate Social Responsibility Practices” category.

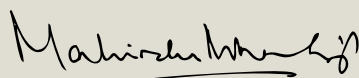
We have been passionate in supporting the cause of the girl child and the preservation of the environment, and worked to strengthen this movement under the banner of “Nanhi Chhaan”. In addition, we also took a proactive stance to support a number of medical causes, including the free

treatment of children suffering from neurological disorders and cancers. A special programme aimed at the free treatment of acid attack victims, was also launched. Through “The Little Hearts Program”, in association with the “Being Human - Salman Khan Foundation”, we treated over 300 underprivileged children suffering from congenital heart diseases. Life skills workshops were conducted for athletes with intellectual disabilities. The organisation also ran patient support programmes under the banners of *Sarthak*, for cancer and *Sahayak*, for kidney failure, across many of its hospitals.

In Conclusion

Our gratitude goes out to all our doctors, nurses, paramedic, support and administrative colleagues who have worked very hard in living the Fortis values and serving our patients with dedication and empathy; and to all our Board members who have continued to guide us in our journey. Special thanks are also due to our patients and our shareholders who have reposed their trust in us. We hope to continue to enjoy your confidence as we walk the extra mile to bring healthcare within easy reach of all.

With warm regards,



Malvinder Mohan Singh
Executive Chairman



Shivinder Mohan Singh
Executive Vice Chairman

medical breakthroughs



Patient
Sana

Hospital
Fortis Escorts Heart Institute

Doctor
**Dr S. Radhakrishnan and
Dr Neeraj Awasthy**

Speciality
Cardiac Sciences



A rare stent procedure was performed on a month-old baby weighing only 1.8 kg, at the Fortis Escorts Heart Institute (FEHI). This is the first case in India where a baby with such low weight has successfully undergone the complex procedure.

A Delhi Government hospital had referred the baby to FEHI. When she arrived, she had very feeble breathing and showed signs of heart problems. Investigations revealed obstructions in the artery leading to her lungs. Initially, the baby was kept under ventilation for a few days. When she started responding to the treatment, further examinations were carried out. It was found that the right ventricular outflow track was blocked, requiring a stent procedure.

A team comprising Dr S. Radhakrishnan, Director and Head, Paediatric and Congenital Heart Diseases, and Dr Neeraj Awasthy, Paediatric Cardiologist, treated the child. When the case first came to Fortis, her very survival was uncertain. However, with prayers of the entire Fortis family and the determined doctors by her side, she finally sailed through.

OUR GUIDING SPIRIT



Late Dr Parvinder Singh
Founder Chairman, Fortis Healthcare Limited

TO CREATE A WORLD-CLASS
INTEGRATED HEALTHCARE
DELIVERY SYSTEM,
ENTAILING THE FINEST
MEDICAL SKILLS COMBINED
WITH COMPASSIONATE
PATIENT CARE

BOARD OF DIRECTORS



Dr Brian Tempest



Gurcharan Das



Harpal Singh



Joji Sekhon Gill



Lynette Joy Hepburn Brown



Malvinder Mohan Singh



Pradeep Ratilal Raniga



Dr Preetinder Singh Joshi



Shivinder Mohan Singh



Sunil Godhwani



Udai Dhawan

Message from the Chief Executive Officer



Aditya Vij
Chief Executive Officer

Our journey so far has been rewarding and has positioned us favourably to embark on a strategic, multiyear, organisation wide initiative, 'Lakshya', that will ensure the continued success of Fortis. Through Lakshya, we are focusing on further building on our strengths and the five core success drivers of Patient Care, Clinical Excellence, Talent Engagement, Investor Confidence and Community Connect.

Consolidated Revenues from India Business



Dear Shareholders,

Thank you for your continued support and belief in Fortis Healthcare. The previous year saw many significant developments that have further strengthened the foundations of your Company.

As one of India's largest healthcare providers, we are committed to the growth of healthcare in the country. Our focus is now on our India base where we see enormous potential to leverage our significant "on ground" presence and scale of operations.

A Year of Significant Progress

We made significant progress during the year on many fronts that have had a marked bearing on the overall health and growth of the Company. Revenues from the India hospital business grew 22% to ₹ 2795 Crore, while operating EBITDAC [EBITDA before net Business Trust (RHT) Costs] stood at 11.1%. Key operating metrics also showed notable growth with Average Revenue per Occupied Bed (ARPOB) improving 9% to ₹ 1.12 Crore, the average occupancy was 73% and the Average Length of Stay (ALOS) reduced from 3.83 days to 3.81 days.

Significant effort was made to create and expand capability in Cardiac Sciences, Neuro Sciences, Oncology, Orthopaedics, Mother & Child Health, Gastrointestinal Medicine, Pulmonology, Renal Sciences, Emergency Services and Transplant Medicine across the network. Research projects are underway, particularly in newer areas such as Stem Cell Therapy. The constant interaction



between academia and the clinical world ensures that our doctors and professionals are abreast of the latest practices in their respective areas.

Approximately 800 beds were added during the year across different facilities. We started the year with the commissioning of our flagship facility, Fortis Memorial Research Institute (450 beds), followed by the launch of our first multi-speciality tertiary care hospital in Ludhiana (260 beds) in January 2014. We recently launched a 55 bed Oncology facility, the Fortis Cancer Institute, at Mohali. We plan to add 500-600 beds per year in the foreseeable future.

Another important thrust area for us has been the growth and diversification of our patient base. More than 12,500 international patients across 91 countries were treated at our hospitals as we expanded operations to new markets while deepening our presence in existing ones. As a result, the medical tourism segment for us witnessed a

52% growth in revenues compared to the previous year.

We have also been strengthening processes and systems across the organisation. Technology continues to be one of our key focus areas as we invest in developing a robust IT backbone. We are in the process of implementing 'Project F1' - a common Oracle-based ERP system across the organisation. The functions of Finance, Supply Chain and HR are among the early ones to get started on this journey and their implementation is expected to bring in efficiencies in decision making.

Our International affiliates in Singapore - Fortis Surgical Hospital (FSH) and RadLink-Asia Pte Ltd (RadLink), Mauritius and Sri Lanka continue to reinforce synergy within the group by optimising operations and boosting market share. Clinique Darné completed 60 years of service in Mauritius with the honourable Prime Minister of Mauritius attending the celebrations.

Lakshya: Our 5 Strategic Pillars for Success

Our journey so far has been rewarding and has positioned us favourably to embark on a strategic, multiyear, organisation wide initiative 'Lakshya', that will ensure the continued success of Fortis. Through Lakshya, we are focusing on further building on our strengths and the five core success drivers of Patient Care, Clinical Excellence, Talent Engagement, Investor Confidence and Community Connect. Comprehensive plans to address each of these five pillars have been drawn up with clearly assigned responsibilities, accountabilities and success measures.

Patient Care

The Lakshya pillar of Patient Care lays thrust on strengthening patient friendly practices across our vast network, decisive in developing 'patient loyalty'. Our fundamental purpose is to serve our patients efficiently with empathy and warmth,



delighting them with our attitude and service. We constantly seek innovative ways through which we can enhance this bond.

Clinical Excellence

Striving for Clinical Excellence is a part of our core DNA and remains a key pillar to our success. Our doctors remain the best in the industry and routinely perform miracles for patients under their care. In a significant move to set newer benchmarks in coronary care, we set up the Fortis Centre for Heart Failure and Transplant; a world-class comprehensive care centre at the Fortis Malar Hospital, Chennai. Within a span of eighteen months since the first successful heart transplant, we have undertaken twenty transplant procedures and four ventricular assist device implantations.

The Company is particularly focussed on enriching its medical core and is looking at building and setting up Centres of Excellence in specialities with high demand.

With a view to improving clinical

outcomes, we have rolled out the capture of data for major procedures across our key hospitals. This is a 'first' in the Indian healthcare delivery space and will help us compare our outcomes with global benchmarks. Another key step has been the creation of a body for medical governance, the Fortis Medical Council, comprising our key clinicians across India. This is being augmented by regional chapters across the country, and we plan to roll out all medical improvement initiatives through this forum.

Talent Engagement

Fortis firmly believes that Talent Engagement and continuous learning is of paramount importance in medicine and to facilitate this, we continue to organise clinical conclaves for our doctors. Similarly, our tie-up with the University of Utah for training of paramedics has been instituted to further enhance the quality of our paramedical talent.

In our understanding, the right attitude to service, knowledge,

training, staff involvement, motivation and engagement levels are aspects that are critical to the delivery of exceptional patient care. At Fortis, we recognise that human resource is our greatest asset. We truly believe that each and every employee is invaluable and brings with him the competence and imagination that adds to organisational success. With this in mind, we continued to update our workforce with the latest techniques and domain knowledge to further enhance their skills in their respective areas of work.

Several engagement initiatives to reward exemplary employee behaviour and performance were instituted, including the Fortis "Living Our Values" Awards. Such endeavours serve to inspire colleagues, and provide the Company the opportunity to thank them for their contributions.

We believe Communication plays an important role in providing information, aligning objectives and gaining commitment. Towards this end, we recently introduced an employee friendly intranet. Our in-house magazine, 'The Fortisian' also serves as an important communication tool for our employees, helping to build camaraderie and appreciation for the many functions required to run an efficient operation.

We have set ambitious targets for ourselves. Our endeavour through Lakshya is to strive to be amongst the top 20 employers in the country.

As part of this goal, robust medium term plans have been developed to improve performance management, enhance team work, address employee attrition and improve workplace efficiency.

Investor Confidence

Lakshya recognises that building Investor Confidence is essentially about engaging with the investor community and sharing with them our strategy, plans and performance;

also demonstrating to them, over a period of time, the consistency in management thought in respect to strategy implementation.

Delivering sound financial performance is therefore, a critical cornerstone. Our teams have developed robust programmes to focus on and drive key business levers that will enable our hospitals to enhance patient footfalls and significantly improve operational efficiencies to deliver superior financial performance.

As we focus our attention and energy on doing the right things, sound performance will definitely be a natural outcome.

Community Connect

Fortis as a Company believes that its responsibility extends beyond healing people, and as a result we have always been active in our Community Connect and CSR efforts. Last year, we furthered these initiatives through multiple actions. Disaster Response Teams from 28 facilities including volunteers were created under “SEWA - A Disaster Relief Initiative”. These teams are always on standby mode, ready to help victims in times of crisis or disaster. The team also acquitted itself well during the Uttarakhand floods in June last year and stepped in to assist the armed forces and local administration in their relief efforts by providing medical help to victims. In yet another humane initiative under the aegis of “The Little Hearts Program”, Fortis reached out to more than 300 children with congenital heart disease and performed corrective surgeries. Fortis has also been at the forefront lending support to victims of acid attack. Last year, we also launched the Global Dignity programme in partnership with PwC with the aim of instilling values of dignity in school children. Nearly 2,000 students were touched across 45 schools by our teams.

Integrating with the communities in a manner where our hospitals can play a positive and meaningful role in improving and enriching the quality of life is the intent of this Lakshya pillar. Work is accordingly underway to build programmes relating to women and children, medical relief during disasters, medical and other civic problems in urban and rural slums.

Efforts will also be made to create a platform for voluntary contributions to enhance our participation in issues that are socially relevant. This will call for close engagement with RWAs, the authorities, non-profit organisations, educational institutions, etc. Apart from creating goodwill in the communities around our hospitals, such responsible participation will bring about an immensely positive image while positioning Fortis as a ‘healthcare provider with a heart’.

Conclusion

It is with a sense of accomplishment that we end the financial year, having embarked on a new one with enthusiasm and vigour. I would like to take this opportunity to thank all our clinicians, nurses, paramedics and administrative staff for their continued dedication and commitment and our Board members for their guidance to the management team. Finally, I would like to extend my very special and sincere thanks to all of you for your continued support.

I am confident that we, at Fortis, will leverage our leadership position in every sphere of our business by delivering value to our patients and shareholders, and would like to assure you of our deep commitment and best efforts at all times.

With warm regards,

Aditya Vij
Chief Executive Officer

medical breakthroughs



Patient
Ilyas Tahir

Hospital
Fortis Memorial Research Institute, Gurgaon

Doctor
Dr Vedant Kabra

Speciality
Oncology



Ilyas was afflicted by Osteosarcoma (bone cancer) of the tibia, affecting his leg and thigh. As the tumour was at an advanced stage, the child was threatened by the dreaded prospect of amputation. Undeterred, the Oncologists at the Fortis Memorial Research Institute, Gurgaon, persevered with the treatment. They used a specialised implant that not only saved his leg but will also adapt to the needs of this growing child in future.

As he underwent multiple cycles of chemotherapy and physiotherapy, Ilyas showed exemplary courage and positivity. Supported by a loving family and the Fortis team, Ilyas proved that he is a true Champion of Courage.



BOARD OF DIRECTORS - SRL



Dr Brian Tempest



Harpal Singh



Mahendra Swarup



Malvinder Mohan Singh



Dr Preetinder Singh Joshi



Dr Sanjeev K. Chaudhry



Shivinder Mohan Singh



Srinivas Chidambaram



Sunil Godhwani



Lt. Gen. Tejinder Singh Shergill

Message from the Chief Executive Officer - SRL



Sanjeev Vashishta
Chief Executive Officer - SRL

SRL is the largest provider of diagnostic and imaging services in India and the second largest in Asia by volume. With the advent of new generation tests (genomics/proteomics), we are entering the realm of highly accurate predictive markers that can warn well in advance about impending diseases, much before they manifest physically. The ultimate aim is to provide timely and accurate diagnosis at an early stage, so that expensive hit and trial treatments can be avoided.

Dear Shareholders,

You would be pleased to know that SRL is growing rapidly and has been performing exceedingly well in its chosen field of Pathology, Radiology and Imaging Services, ranked amongst the fastest growing segments in the healthcare service delivery sector in India. This segment is growing at a CAGR of 28% and is expected to touch ₹ 254.4 Bn by the year 2015.

Today, SRL is widely recognised as a leader in the organised segment, which currently accounts for only 10% of the market. This part of the market however, is growing at a much faster rate, gaining from the shift in patients as they increasingly begin to demand reliability, consistency and accuracy in test results.

FY 2014 was a landmark year for SRL in many ways. Our EBITDA grew by a robust 45% vis-à-vis the previous year on a net revenue of ₹ 653 Crore (on a standalone basis, SRL reported revenues of ₹ 741 Crore), driven by better volumes and expanded reach. We grew our network by 52 labs and added more than 1,200 collection points (till May 31, 2014) taking our total number of labs and collection points to 281 and 5,800 respectively. Of these, about 45 are outside India facilitating the collection of samples from international patients, which are then transported daily for testing to the Company's labs in India. This makes SRL the largest provider of diagnostic and imaging services in India and the second largest in Asia by volume.

SRL is perhaps the only pan-India Company with a focus on both Pathology and Radiology. Our vast menu of over 3,500 tests places



us in the higher orbit of the diagnostics arena, from Clinical Chemistry, Haematology & Blood Coagulation Studies, tests for Infectious Diseases & Autoimmune Disorders, Surgical & Anatomic Pathology, Immunohistochemistry, Tumour Markers, Radioimmunoassay, Chemiluminescence, Flow Cytometry, Microbiology (including Rapid Mycobacterial Culture), Cytogenetics and Molecular Diagnostics (including Polymerase Chain Reaction). This range is comprehensive and encompasses more tests than available from any single provider in the country.

Meanwhile, we continue to raise the bar for ourselves and are rapidly moving up the value chain, expanding our already comprehensive service offering. In FY 14, we introduced 28 new tests for the benefit of our customers in India.

With the advent of new generation tests (genomics/proteomics), we are entering the realm of highly accurate

predictive markers that can warn well in advance about impending diseases, much before they manifest physically. The ultimate aim is to provide timely and accurate diagnosis at an early stage, so that expensive hit and trial treatments can be avoided. Our ability to perform esoteric tests using state-of-the-art technologies that enable quick and accurate diagnosis has helped us gain the trust of our customers and prescribers.

We are also witnessing considerable demand from hospitals, who want us to set up implant labs, at their facility. Over 93 hospitals have entrusted us the task of running their Diagnostics labs within the hospitals.

SRL has also tied up with the Himachal Pradesh Government to set up and operate 24 labs in the large state-run hospitals in various districts of Himachal Pradesh, bringing superior diagnostics services to the doorstep of the people in the remote areas. This is a good example of a

successful private-public partnership that is imminently replicable by other State Governments. In FY14, SRL also signed up Lanka Hospitals to run a reference lab for them as well as create and manage a network of Pathology Labs across Sri Lanka. Similarly, SRL has also agreed to run multiple high-end Pathology and Radiology labs in the Democratic Republic of Congo. The construction work of these labs is underway and the first lab is expected to be commissioned in October 2014, opening up newer vistas for growth.

SRL's mission is "To become the first choice Diagnostics provider for the customers in all the markets where we operate" delivering quality services with accurate outcomes, in the shortest possible turnaround time and at an affordable price. Today, SRL's state-of-the-art infrastructure includes the largest network of accredited labs in India with 31 National Accreditation Board for Testing and Calibration



of Laboratories (NABL) accredited labs and 4 College of American Pathologists (CAP) certified labs, positioning us favourably to meet our aspirations and goals.

We are among the first in the industry to deploy advanced processes and technologies that make our operations robust and allow us to efficiently handle large volumes of tests while capturing economies of scale. Our information technology platform is intuitive and customer friendly. Reports generated are accessible online and customers also have the flexibility to access archived reports for the past 8 years along with graphical representation of their test results.

As a volume based service provider present in every nook and corner of the country, SRL has built a flawless delivery system and an efficient logistics & supply chain, seamlessly connecting our collection points to our labs. Samples are picked up at

regular intervals and are transported for testing in a temperature controlled environment so that the integrity of the samples is maintained. We pride ourselves in ensuring that samples reach our labs within 6 hours of being collected.

Much of our efficiency in serving our customers is the result of the dedicated efforts of our over 6,100 employees including 700 faculty members (Doctors and Scientists). Significant emphasis is therefore placed on training our human resources across all functions. We have created our own training campus in Beas, Punjab, spread over 6 acres, with a large auditorium, multiple lecture halls, boarding and lodging facilities, where such training is conducted on a massive scale. External training programmes are also held on campus. In FY 2014, we conducted over 90 Continuing Medical Education Programmes for external doctors, to bring them up to

speed with the latest developments in diagnostic medicine.

In acknowledgement of our high training standards, SRL's R&D division is now recognised by Mumbai University for post graduate academic training programmes, such as an M. Sc. and Ph. D (in Biotechnology).

As a premier provider, SRL has many firsts to its credit. We were the first private sector Research & Development Department to receive the DSIR recognition in the Clinical Laboratory segment. The R&D team has worked relentlessly to introduce new tests and technologies to improve the screening and diagnosis of diseases cutting down on turnaround time while enhancing accuracy and affordability.

In recognition for our services, SRL received the prestigious FICCI Healthcare Excellence Award for Operational Excellence in Healthcare Delivery 2013, the Frost & Sullivan India Healthcare Excellence Awards 2013 for the Diagnostic Service Provider Company of the Year, the Cloud Conqueror IT Award 2013 for implementation of "CLIMS Cloud". SRL was also listed among the fastest growing mid-sized companies in India and was ranked the highest among the healthcare companies in the Inc. India 500 list. Inc. India is the Indian edition of Inc., the leading US magazine that focuses on entrepreneurship and growth.

SRL takes pride in its community initiatives. We have worked closely with the Population Council of India in a significant and one-of-its-kind study, testing samples and tabulating data on the prevalence of HIV, HCV and HBV in intravenous drug users. We also partnered with the Delhi Government's prestigious *Chacha Nehru Sehat Yojna* (CNSY) scheme where in close to 40,000 school children from the underprivileged

strata of the society were screened across Delhi and were counselled by our physicians on how to improve their general health and well-being.

In conclusion, I would like to say that this has been a very productive year for SRL and we see a positive future for the Company. I would also like to thank all the stakeholders including our investors, our vendors and our customers for reposing faith in the Company. My special thanks go out to our Board members for their continued guidance at every step.

With your support, I am certain that we will succeed in our endeavours to take the operations of the Company to the next level, making SRL a truly global Company known for its high quality, superior and compassionate services.

Warm regards,



Sanjeev Vashishta
Chief Executive Officer - SRL

medical
breakthroughs



Patient
Abdullah (Uzbekistan)

Hospital
Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, New Delhi

Doctor
Dr Rajeev Sood and Dr Sanjeev Gupta

Speciality
Renal Sciences and Cardiac Sciences



When 12-year-old Abdullah first came to Fortis, he was very sick and unable to walk even a few steps. He suffered from a number of medical complications apart from his kidney disease. Doctors in Turkey had refused him a kidney transplant since he was a high risk patient. His family brought him to Fortis in India after they learnt of the availability of high quality healthcare.

Once the team at Fortis Flt Lt Rajan Dhall Hospital began evaluating the case, they found that in addition to his kidney disease, his heart was working at just 20% of its efficiency. A multi-disciplinary team began treating Abdullah and he gradually showed signs of improvement. He was much better within just a month of the kidney transplant. He has fully recovered and has returned to Uzbekistan to lead a normal life and grow up to live his dreams.

DIAGNOSTICS (SRL INDIA)

SRL Ltd has established itself as a leader in the Indian diagnostic space by maintaining its technological superiority, expanding its network and attracting the best medical, technical and managerial talent in the country. The Company offers a menu of over 3,500 tests spanning the screening, diagnostic, monitoring and prognostic spectra of lab medicine. SRL is the only complete diagnostic services provider with offerings across Pathology, Radiology, Wellness, Occupational Health and Clinical Trials. The Company operates 281 laboratories including 12 reference labs, and performs more than 1,00,000 tests a day.

SRL's four Centres of Excellence (CoE) in Histopathology, Molecular Biology, Cytogenetics and Haematology are the nerve centres for advancements in these areas. The centres are headed by stalwarts in the respective specialities and are fully equipped to carry out tests in Haematology, Blood Coagulation, Flow Cytometry, Anatomic Pathology, Cytology, Immunohistochemistry, Oncology, Molecular Pathology and Cytogenetics. They also act as the central reference point for Routine Chemistry, Autoimmune Disorders, Haematology, Endocrinology, Blood Coagulation Studies, Cytology, Microbiology, Anatomic Pathology, Microbacteriology, Oncology, Molecular Biology, Molecular Diagnostics and Cytogenetics, and Infectious Disease Serology.

Driven by its mission "To become the first choice diagnostic provider for customers in all the markets where we operate," SRL is reaching out to people through a robust network of channels comprising over 5,800 collection points. All out efforts are made towards improving accuracy of outcomes, reducing turnaround time (TAT) for the customers, and for making the esoteric and highly specialised tests, hitherto out of reach of the common man, affordable.

SRL's key strength is its people, a robust team of 6,100 personnel including 700 doctors and faculty members. The team is trained across all levels and all functions on a regular basis. A team of committed doctors and sales team members have been given the responsibility of sharing information on the latest tests and technologies with the prescribing doctors.

A doctor-to-doctor interaction programme, "Exchange Learning and Insights among Therapy Experts (ELITE)" was launched wherein 35 doctors from SRL Labs and Fortis were nominated from across India. These doctors will interact with selected prescribers, mainly Gynaecologists and Oncologists, thereby increasing our presence and reach at speciality level. The number of these potential customers will be increased each quarter.

SRL produced a TV commercial for the first time in its history on the theme "*Trust the Experts: Experts ke saath... befikr aap,*" in July 2013. A 45-day ad campaign followed, showcasing SRL's presence on 17 major national news

and entertainment television channels. The response to the commercial was encouraging with the number of calls to the call centre and visits to the SRL website going up.

SRL is a pioneer in the implementation of lab quality assurance programmes. It has established a well-defined process to constantly review, upgrade and implement global standards in good clinical practices. The prestigious College of American Pathologists (CAP) has accredited four SRL reference labs, two in Mumbai and one each in Gurgaon and Dubai. In addition, 31 labs of the Company have been accredited by the National Accreditation Board for Testing & Calibration Laboratories (NABL), Govt. of India.

The Company prioritised its R&D efforts for expanding business through expansion of test menu in disease areas that provide both mass and niche opportunities. Also, there was a parallel focus on evaluation of cost-effective technologies to improve operational profitability without compromising on quality. Collaborative tie-ups were established to offer innovative tests on advanced technologies for the first time in India. Key highlights of a few important R&D activities are as below:

New Tests Development: A total of 28 esoteric and innovative new tests with demonstrated, clinical value were developed and released successfully during this financial year. Among these, 12 tests were released for the first time in India thereby providing a competitive edge to the Company.

Cost-effective Technologies: Presently, technologies used for routine tests at all the SRL labs are of global standards and are well harmonised among different locations. Though these technologies offer a quality advantage, they are not profitable in low volume settings. There is a growing need to evaluate cost-effective technologies which can be adapted to the quality standards established within the SRL network. Given the need, two new technologies were successfully evaluated. These technologies have been considered for implementation at the labs initiated under the Himachal Pradesh Govt project.

Collaborative tie-ups: Two technologies, namely NextGen Sequencing and Circulating Tumour Cells, have made a considerable impact on the screening, diagnosis and monitoring of cancer and genetic disorders. Strategic partnerships with four different companies across the globe were established to offer an innovative range of tests.

The key focus areas for the operations team in the year 2013-14 have been raising accuracy, reducing turnaround time, increasing the test menu and encouraging academic activities. SRL continues to meet the exacting requirements of its clients, from demanding hospital physicians, large volume-based corporate clients or the specific demands from clinical trial or international clients.

Awards & Accolades

FICCI Names Dr Narottam Puri “Healthcare Personality of the Year-2013”

The Federation of Indian Chamber of Commerce and Industry (FICCI), a pre-eminent industry body in India, conferred the prestigious Healthcare Personality of the Year 2013 award on Dr Narottam Puri, Medical Advisor & Emeritus Consultant, Department of ENT, Fortis Escorts Heart Institute. Dr Puri, who is also the Chairman of the National Accreditation Board of Hospitals and Healthcare Providers (NABH), is regarded as a leading figure in evangelising and taking quality and patient safety to the forefront in healthcare delivery, both as a clinician and an administrator.

Fortis Mulund Wins FICCI Healthcare Awards

Fortis Mulund received the coveted FICCI “Special Jury Recognition” Award, for its innovative initiative aimed at creating an engaged workforce, titled “Celebrating YOU!” The project brings together clinicians and employees to work towards the common goal of patient care. Fortis Mulund was an outperformer in the category which received entries from over 100 participating hospitals from all over the country. The hospital has won this recognition for the second time in a row.

SRL Wins FICCI Healthcare Awards

SRL, Fortis’s diagnostics arm, was feted with the FICCI Healthcare Excellence Award 2013 for its unique and innovative approach in developing and implementing New Diagnostic Markers across India. The award adds another feather in SRL’s cap and validates its leadership position for the second year running in the country’s diagnostics sector.

Fortis Healthcare Wins the Today’s Traveller ‘Best Integrated Healthcare Award’

Fortis Healthcare was conferred with the ‘Best Integrated Healthcare’ award for 2013 by Today’s Traveller, a premier travel and lifestyle publication. India attracts close to 1,50,000 medical tourists annually. This market is growing rapidly at about 25% each year. Fortis is a preferred provider to this segment and is highly regarded for its world-class clinical capabilities across multiple specialities. The Fortis network is witnessing a higher than industry growth rate in its international patient base, because of its superior quality and affordability of services.

Eminent Fortis Doctors Nominated to the Medical Council of India

Dr Ashok Seth, Chairman, Fortis Escorts Heart Institute, New Delhi, and Dr Vivek Jawali, Director and Chief Cardiovascular & Thoracic Surgeon, Fortis Hospitals, Bengaluru, were nominated as members of the Medical Council of India (MCI), vide a Government of India notification dated November 5, 2013. While Dr Seth was nominated by the Delhi Government, Dr Jawali was nominated by the Karnataka Government.

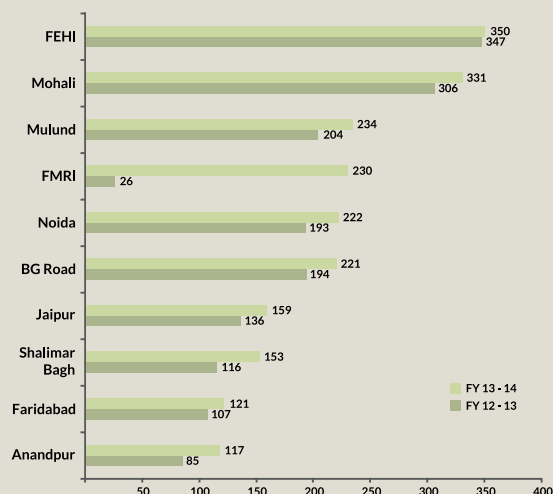
Fortis Escorts Heart Institute Wins Best Single Speciality Hospital – Cardiology Award

Fortis Escorts Heart Institute (FEHI), New Delhi, won the Best Single Speciality Hospital – Cardiology Award at CNBC-TV18’s India Healthcare Awards 2013. The Institute was felicitated the second time in a row, and was selected as the premier institution in Cardiology amongst over 3,000 hospitals and healthcare service providers in the country. IMRB, India’s leading market research agency, shortlisted India’s finest healthcare providers for the final round using a robust multi-phase methodology, to arrive at the best. The eminent jury evaluated the consumer ratings as well as doctors’ ratings on the facility to select the winners.

Operations Review



Key Hospital-wise revenue performance (in ₹ Crore)



FINANCIAL PERFORMANCE

For the financial year 2013-14, the Company recorded audited consolidated revenue from continuing operations of ₹ 3666 Crore, a growth of 20% over the previous year's revenue of ₹ 3042 Crore. The consolidated FY2014 revenue from continuing operations includes ₹ 3448 Crore from the India Hospitals and Diagnostics business, representing a growth of 20% and a contribution of 94% to the overall revenue, and ₹ 218 Crore from the International business.

The Company's operating EBITDAC i.e. before absorbing the costs related to the Business Trust (RHT) from continued operations stood at ₹ 372 Crore, representing a margin of 10.1%. EBITDA including other income and before exceptional items stood at ₹ 218 Crore. Profit before tax stood at ₹ (254) Crore while Profit after tax, exceptional items and minority interest was ₹ (261) Crore for FY 2014.

Including the revenue from the discontinued operations i.e. Dental Corporation Holding Limited, Quality Healthcare and Hoan My of ₹ 1094 Crore, overall revenue for the Company stood at ₹ 4759 Crore compared to ₹ 6052 Crore in FY2013. Operating EBITDAC before absorbing the costs related to the Business Trust (RHT) stood at 11.0%. Consolidated profit after tax, exceptional

¹Excludes the financials of Dental Corporation Holding Limited, Quality Healthcare and Hoan My which have been divested, hence shown as discontinued operations in the financials.



items and minority interest was at ₹ 123 Crore.

India Hospital Business

The India Hospital business continued to show robust performance with 22% revenue growth to ₹ 2795 Crore compared to ₹ 2293 Crore in the previous year. The Operating EBITDAC before the impact of the costs related to the Business Trust stood at ₹ 311 Crore, representing a margin of 11.1%. Excluding start up and one off expenses operating EBITDAC margins of the India Hospital business stood at 13.6%. The performance of the India Hospital business was impacted due to certain one off costs, temporary reduction in occupancies in select facilities, arising from a drop in institutional business and accelerated growth in new facilities such as the Fortis Memorial

Research Institute (FMRI), which being in its gestation period, witnessed a higher revenue weightage initially without a commensurate increase in operating margin. International patient revenue for the year was at ₹ 268 Crore, a growth of 52% over the previous period (on a network basis).

The growth in the India Hospital business was primarily due to improvement in operating metrics across various hospitals in the network. For the year 2014, the Average Revenue Per Occupied Bed (ARPOB) was ₹ 1.12 Crore compared to ₹ 1.03 Crore in FY13, a growth of 9%. Average Occupancy across the Fortis hospitals increased to 73% from 72% during the previous year. Average Length of Stay (ALOS) reduced from 3.83 days in FY13 to 3.81 days in FY14.

Specialities including Cardiac Sciences, Orthopaedics, Neurosciences, Renal Sciences, Pulmonology, Oncology and Gynaecology continued to perform well. The hospitals across the network in India performed approximately 86,000 Cardiac procedures, over 29,000 Oncology procedures, approximately 26,000 Renal procedures and over 19,000 Orthopaedic procedures.

During the year, the Company launched two new facilities i.e. FMRI, Gurgaon (450 beds) and Fortis Ludhiana (260 beds); coupled with a few brownfield bed additions taking the total number of beds added to approximately 800. The Company had acquired a developed facility in Ludhiana, which was formally launched in January 2014. In addition, the foundation stone was laid for



another greenfield site in Ludhiana, which will be a 100 bed centre for Mother & Child Health to be launched in 2016.

The Company also made its initial foray in Ahmedabad, the capital of Gujarat, by acquiring a greenfield site for the purpose of constructing a multi-speciality tertiary care facility in the future.

The Company initiated expansion plans at its existing facility at BG Road, Bengaluru, to raise its capacity from 250 beds currently to 460 beds and announced plans for the development of a 70 bed Mother & Child care speciality facility in Bengaluru.

During the year, the Fortis hospitals at Vashi (Navi Mumbai) and Anandpur (Kolkata) received accreditation from the National Accreditation Board for Hospitals & Healthcare Providers (NABH) while Fortis Mohali was reaccredited by the Joint Commission International (JCI).

India Diagnostic Operations: SRL Ltd.

For the financial year 2013-14, SRL Ltd. reported net revenues of ₹ 653 Crore (net of inter-company sales) compared to ₹ 579 Crore reported during the Financial Year 2012-13. The Company witnessed significant improvement in its operational performance with operating EBITDA for the year at ₹ 117 Crore, representing a margin of 17.9% compared to ₹ 80 Crore (margin of 13.9%) reported during the previous year. The business witnessed 8% increase in its number of accessions to over 12.8 million.

SRL continues to consolidate its position as one of the leading players in the Indian diagnostics space through market penetration especially in Tier II and Tier III towns, reaching out to the prescribers and by expanding its customer base. In an endeavour to enhance its presence and increase its customer base, SRL

added 52 new labs and approximately 1,200 collection points across the country (till May 31, 2014). A total of 28 new esoteric and innovative tests with demonstrated clinical value were developed and released successfully during the financial year. Among these, 12 tests were released for the first time in India and are exclusively offered by SRL.

As a true leader in the Indian diagnostics space, SRL constantly endeavours to maintain its technological superiority, expand its already enviable network to every nook and corner of the country and beyond, and be the employer of choice for the best medical and technical talent in the country. The core strategy of the company is focussed on getting close to its customers, providing them the best quality diagnostic tests at affordable prices and with the shortest turnaround time.

HOSPITALS

Delhi-NCR Cluster

The prominent Fortis facilities in the Delhi-NCR region include the flagship Fortis Memorial Research Institute, Gurgaon, Fortis Escorts Heart Institute, New Delhi, Fortis Hospital, Shalimar Bagh, New Delhi, Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, New Delhi, Fortis Jessa Ram Hospital, Karol Bagh, New Delhi, Fortis La Femme, Greater Kailash II, New Delhi, Fortis Hospital, Noida and Fortis Escorts Hospital, Faridabad.

Fortis Memorial Research Institute, Gurgaon

The Fortis Memorial Research Institute (FMRI), Gurgaon, Fortis Healthcare's flagship facility, celebrated its first anniversary in May 2014. In the short span of just a year, the hospital has notched several accomplishments, establishing itself as an institution

par excellence. The next-generation hospital prides itself in having some of the finest clinical talent, supported by state-of-the-art medical technology, world-class infrastructure and an enabling, patient-centric environment. FMRI has been ranked No. 2 among the world's 30 most technologically advanced hospitals by www.topmastersinhealthcare.com.

FMRI has consistently registered quarter-on-quarter growth in FY 2013-14. During the first year of its operation, FMRI reported a revenue of ₹ 230 Crore. FMRI also has the distinction of becoming the fastest new facility in the Fortis network to reach EBITDAC break even within a year of its launch.

Over the last year, the hospital's Cardiac Sciences Department performed over 100 paediatric surgeries and six open heart surgeries. The institute acquired a heart transplant licence, making it one of the few centres capable of conducting cardiac transplants in the country.

The Neurosciences Department conducted over 100 neurosurgeries, while the Orthopaedics Department did several complex joint and hip replacement surgeries. The Radiology Department performed over 7,000 investigations in March 2014, touching a new high. The Mental Health & Behavioural Sciences Department launched an Art Therapy Clinic as an innovative method of treating patients of mental disorders.

The hospital aims to be recognised as a Centre of Excellence in Neurosciences, Orthopaedics, Cardiac Sciences and Oncology in the country. FMRI also intends to focus strongly on heart, lung and liver transplants.

FMRI has been promoting academic activities to stimulate the top-line medical talent and harness its

collective strength to treat complex cases. Regular meetings of doctors from various specialities are held to discuss and deliberate upon treatment methodologies.

Fortnightly Tumour Board Meetings, for example, are attended by physicians from Oncology, Neurosurgery, Thoracic Surgery, Radio Diagnosis and Pathology. Journal Club/Seminars are held every week for Oncology and Radiation Oncology, attended by Medical Physicists and other physicians from Medical and Surgical Oncology, apart from the Department of Nuclear Medicine. Eminent academicians and clinicians from all over the world are also invited to deliver guest lectures.

The Department of Radiation Oncology offers fellowships for Radiation Oncologists, Medical Physicists and Radiation Therapy technologists. The International Atomic Energy Agency (IAEA) has recognised FMRI as a centre for advanced training in Radiation Oncology.

FMRI continued to set the pace, creating clinical benchmarks throughout the first year of its operation. FMRI became the first in the world to report a case of laparoscopic removal of a foreign body from the liver. The first T-Cell Receptor (TCR) alpha-beta depleted haploidentical Bone Marrow Transplant (BMT) in India was performed on a 22-year-old male suffering from Thalassemia Major in March 2013.

The hospital treated 16 children from Kazakhstan, suffering from cerebral palsy. The programme has been comprehensively developed for international and domestic patients, encompassing physiotherapy, aqua therapy, occupational therapy, speech therapy, and art & play therapy.

medical breakthroughs



Patient

Baby Hinar (Iraq)

Hospital

Fortis Hospital, Noida

Doctor

Dr Vivek Vij

Speciality

Paediatric Liver Transplant



7-month-old Hinar Hunar Jawad was suffering from a congenital liver disease that required surgery within 90 days of detection. However, as the baby was suffering from jaundice for five-and-a-half months, doctors in Iraq were unable to treat her, leading to a life-threatening situation.

When the baby was brought to Fortis Hospital, Noida, the doctors had no choice but to conduct a liver transplant. The child's father, Hunar Jawad Omar, donated a part of his liver to save the child. The father and child were operated upon simultaneously, and the entire procedure lasted for over 12 hours. The surgery was successful and Hinar is now doing well.

Fortis Memorial Research Institute, Gurgaon, ranked No. 2 in the list of the “30 Most Technologically Advanced Hospitals in the World”

Fortis Memorial Research Institute (FMRI) has been ranked No. 2 in a world-wide study of hospitals conducted by www.topmastersinhealthcare.com, titled, the “30 Most Technologically Advanced Hospitals in the World.” FMRI has been ranked above several renowned hospitals, such as Johns Hopkins Hospital (United States), Bumrungrad International Hospital (Thailand), Mayo Clinic Cancer Center (United States) and Cleveland Clinic (United States).

The technologies available at FMRI include the first project for precision radio-surgery in the world, bringing together the expertise of two medical technology companies – Elekta and Brain Lab. Other sophisticated diagnostic equipment available at the FMRI include the Time-of-Flight Positron Emission Tomography (TOF-PET) that delivers higher picture resolution and is much faster as compared to the conventional PET imaging. This improves patient comfort significantly and augments the ability to detect and quantify cancer. As TOF imaging is capable of recording minute lesions, as small as 0.1 inches, treatment can begin early and is made more effective.

FMRI also houses several next-generation diagnostics and patient-centric technologies, regarded to be among the world’s firsts. The Computed Tomography (CT) integrated BrainSUITE, 3Tesla Digital Broadband MRI, 256 Slice Intelligent Computed Tomographic (iCT) Scanner, Bi-Plane Cath-Lab, Digital Mammography, e-ICU and Open Diagnostic Lab are some of the noteworthy installations. Additional enhancements have been made by the specialists using experience based algorithms that facilitate early discovery, vital in the containment and treatment of disease.

The stem cell centre at FMRI is one of India’s first current Good Manufacturing Practices/Good Tissue Practices (cGMP/GTP) compliant installations engaged in advanced pre-clinical and clinical research in Oncology, Neurosciences, Cardiovascular Sciences and Orthopaedics. Stem-cell processing, multiplication, banking, research and clinical application are options that were hitherto not available in the country. This opens a new vista of potential medical benefits for patients requiring organ transplants and those suffering from degenerative diseases.



Fortis Escorts Heart Institute, New Delhi

Fortis Escorts Heart Institute (FEHI), New Delhi, a globally recognised premier institution, celebrated 25 years of leadership in cardiac care in 2013. The state-of-the-art centre houses five advanced catheterisation laboratories, nine operation theatres, three Heart Command Centres, two Heart Stations and Critinext, Asia's first electronic intensive care unit (e-ICU) that blends critical care skills, technology and innovation to deliver 24x7 intensive care to patients in remote locations.

The 310-bed hospital offers high-end, comprehensive care in invasive and non-invasive cardiology, adult and paediatric surgeries and electrophysiology for heart patients. The facility was hailed as the Best Heart Care Centre in North India at the Global Healthcare Excellence Awards, 2013. In recognition of the path-breaking academic and research activities, FEHI was bestowed the Best Institution Award by the Delhi Medical Association in 2013.

FEHI continues to serve patients from all over the world, as evidenced by the growing number of complex cardiac procedures, notably Percutaneous Transluminal Coronary Angioplasty (PTCA), a minimally invasive procedure to open up blocked coronary arteries and Coronary Artery Bypass Graft (CABG), commonly known as a heart bypass. The hospital is also equipped to conduct high-end procedures such as Transcatheter Aortic Valve Implantation (TAVI) and Extracorporeal Membrane Oxygenation (ECMO) or heart-lung bypass.

FEHI also offers specialities such as Orthopaedics, Neurosciences, Diabetology and Internal Medicine. In addition, the departments of General and Laparoscopic Surgery, Paediatric



General Surgery, Gynaecology, Physiotherapy and Nuclear Medicine have been added.

Fortis Hospital, Shalimar Bagh, New Delhi

Fortis Hospital, Shalimar Bagh, occupies a leadership position, serving a significant chunk of population in North and West Delhi. The hospital offers expertise in several specialities, including Cardiac Sciences, Neurological Sciences, Mother & Child Health, Bariatric Surgery, Laparoscopic Gastro Intestinal (GI) Surgery & GI Oncology, Plastic & Reconstructive Surgery, Orthopaedics and Critical Care.

The hospital has launched programmes in kidney transplant and paediatric cardiac sciences and has registered significant growth in the areas of internal medicine and critical care. The Mother & Child Health programme has been further strengthened with the launch of

Mamma Mia and a Gynae-Oncology programme. Existing specialities like Obstetrics & Gynaecology, Urology, Cardiac Sciences, Neurosciences and General Surgery have been expanded, resulting in significant revenue growth.

The hospital is leveraging management best practices such as Lean Sigma and Business Analytics to maximise value and minimise wastage. Building a quality and cost conscious culture among the workforce by conducting regular training is also a priority. The hospital has deployed radio frequency identification (RFID) devices in an innovative effort to optimise equipment utilisation through a better track-and-trace system.

Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, New Delhi

Straddled strategically in South Delhi, close to the International Airport, this Fortis facility caters to a large resident



population in the adjoining areas, including a sizeable number of senior citizens. The hospital has strong capabilities in Cardiac Sciences, Pulmonology, Nephrology, Bariatric Surgery, Thoracic Surgery and Interventional Radiology. This Fortis facility was the first private hospital in North India to introduce the minimally invasive Green Light Laser Technology for prostate removal.

The hospital has consistently grown its revenue since Fortis began operations in 2010.

In 2013, the hospital added an advanced intensive care unit, capable of handling complex cases. The hospital also launched a Medical Oncology programme and intends to introduce a birthing programme in the future.

Fortis Hospital, Noida

This Fortis facility is located in the heart of Noida, a populous satellite city close to the National Capital, which has attracted a large number

of corporates. Several new residential townships are coming up within a few kilometres of the hospital, thus promising strong long-term growth possibilities. This tertiary care hospital runs a successful Gastrointestinal and Liver Transplant programme and celebrated its milestone 100th liver transplant in January 2014. It is the only facility in Uttar Pradesh to carry out liver and bone marrow transplants.

Fortis, Noida, also has robust capabilities in Orthopaedics, with an especially successful joints replacement programme. In FY14, over 500 joint replacements were conducted. Cardiac Sciences, Neurosciences, Gynaecology, Oncology and General Surgery are among the other successful specialities at this hospital. Equipped with state-of-the-art operation theatres, intensive care units, cardiac and neurological catheterisation laboratories, the decade old Noida facility is all set to write another glorious chapter in the history of Fortis.

Fortis Escorts Hospital, Faridabad

Fortis Escorts Hospital, Faridabad, celebrated 30 years of operation in 2013. From a modest beginning as a small dispensary, the facility has metamorphosed into a premium multi-speciality tertiary care hospital catering to over 2,00,000 patients every year. Cardiac Sciences, Neurosciences, Orthopaedics, Internal Medicine, Gastroenterology, General Surgery and Gynaecology are the key specialities available at the hospital. A new Neurosciences Department was launched in 2013. The integrated Neurological Sciences Centre is equipped to handle complex cases, including trauma cases. The hospital clocks an average door-to-operation theatre time of less than 45 minutes, which is comparable to the best neurological centres in the country. The facility also has a fully equipped electrophysiology lab and boasts of a large number of eminent clinicians.

North Cluster

Fortis Healthcare began its journey from Mohali, Punjab, and continues to retain a strong bond with the state. The key facilities in the region include Fortis Hospital, Mohali, Fortis Escorts Hospital, Amritsar, Fortis Hospital, Ludhiana, Fortis Escorts Hospital, Jaipur, Fortis Hospital, Dehradun and Fortis Hospital, Kangra.

Fortis Hospital, Mohali

Fortis Hospital, Mohali, the first Fortis facility, continues to blaze a trail of medical excellence with highly successful programmes in Cardiac Sciences, Vascular Surgery, Urology, Pulmonology and Gastroenterology.

The hospital added a state-of-the-art oncology centre, named the Fortis Cancer Institute to address a pressing healthcare need of the region. The facility houses the largest radiotherapy ensemble, capable of delivering Image Guided Radiation

Therapy (IGRT), Intensity Modulated Radiation Therapy (IMRT) and Stereotactic Radiation Therapy, targeting the tumour more precisely than conventional radiology. These therapies have fewer side effects and help improve the patient's quality of life, post-treatment. The expertise available at the centre spans Gynaeco-Onco, Uro-Onco, Paediatric-Onco, Ortho-Onco, Haemato-Onco, Neuro-Onco and Breast-Onco, besides capabilities to treat Endocrine, Liver, Head & Neck, Oral and Ocular cancers. The facility includes pain and palliative services, supplemented with Medical, Surgical and Radiation Oncology.

Cardiothoracic & Vascular Surgery (CTVS), Neuro Surgery, Endocrinology and Orthopaedics are some of the other successful specialities at Fortis Hospital, Mohali. The hospital also runs a successful organ transplant programme, notably for kidney transplants.

In 2013, the hospital won several awards, including the HBII-MEDGATE Sustainable Hospital Project Award, Confederation of Indian Industry's 14th National Award for Excellence in Energy Management and the Amity Global CSR Excellence Award.

Fortis Escorts Hospital, Amritsar

The hospital has four major operation theatres, two cardiac operation theatres and two cardiac catheterisation labs. Located in a populous city that attracts a large number of tourists, this multi-speciality hospital has strong capabilities in Cardiac Sciences, Urology, Neurosciences, Paediatrics, Internal Medicine and Gynaecology, among others. Fortis Escorts Hospital, Amritsar, has been at the helm of delivering superior medical services as well as spreading awareness regarding health and hygiene issues in the community.

Recognising the importance of continuous training and skill upgradation, the hospital organised several interactive continuing medical education (CME) sessions for the clinical and paramedical staff throughout the year. The hospital has also been at the forefront of adopting quality service measures and evangelising quality awareness amongst the staff.

Fortis Hospital, Kangra

Nestled in a picturesque sub-Himalayan landscape, Fortis Hospital, Kangra, which was inaugurated in FY13, has been instrumental in delivering modern healthcare to the people of this hilly region.

The 100-bed multi-speciality tertiary care hospital provides super-specialised care in Urology, Cardiac Sciences, Renal Sciences, Orthopaedics, Endocrinology and Pulmonology. The hospital has a Critical Care Unit, and an Obstetrics and Maternity Programme supported by an advanced Neonatal ICU (NICU). It also offers 24-hour emergency, diagnostic and radiological services. Fortis, Kangra, is now empanelled with the Ex-Servicemen Contributory Health Scheme (ECHS), which is expected to raise further demand for its services.

Fortis Hospital, Ludhiana

Fortis Hospital, Ludhiana, a state-of-the-art 260-bed greenfield hospital, was launched in January 2014 to address the growing need for specialised and quality medical care in the city. In view of the growing incidence of cancer in the region, Fortis Hospital, Ludhiana, has set up a Centre of Excellence in Oncology, offering medical, surgical and radiation therapy. A team of specialists, a dedicated day-care ward for medical chemotherapy patients and 24x7 critical care services for

medical breakthroughs

Patient

Dr Showbhagya Koujalgi

Hospital

Fortis Hospital, Bannerghatta Road, Bengaluru

Doctor

Dr Narayan Hulse

Speciality

Orthopaedics



A hectic routine forced Dr Showbhagya Koujalgi, Obstetrician-Gynaecologist and Professor at J. J. Medical College, Davangere, Karnataka, ignore the pain in her left knee for a long time. Over a period, her right knee began hurting as well. Soon, she had to abandon her regular activities and the smallest of tasks became a burden. Dr Koujalgi tried physiotherapy and analgesics, but to no avail. Finally, her son, who is also a doctor, decided to consult Dr Narayan Hulse, Orthopaedic & Joint Replacement Surgeon at the Fortis Hospital, Bannerghatta Road, Bengaluru. Dr Hulse realised that medication would be of no help as the strain on her joints had caused significant damage. He recommended a Bilateral Knee Replacement.

Though she was apprehensive of surgery, Dr Koujalgi knew that the benefits far outweighed her fears. As a doctor herself, she was well aware of the procedural implications, and knew that she was in good hands at Fortis.

The procedure involved replacing the damaged knee joints with an implant. The replacement of both the knees was performed in a single session. Dr Koujalgi was able to walk normally just four days after her surgery.



critically ill cancer patients are available.

The hospital offers a wide spectrum of specialities, including Cardiac Sciences, Orthopaedics, Mother & Child Health, Renal Sciences, Neurosciences, Critical Care, Emergency & Trauma, and Gastroenterology. In a span of just seven months, the hospital has already conducted more than 100 Total Knee Replacements (TKR), provided radiation therapy to 50 patients and conducted more than 100 deliveries.

Fortis Escorts Hospital, Jaipur

Fortis Escorts Hospital, Jaipur, a reputed multi-speciality centre, is known for its outstanding clinical work in Cardiac Sciences, Cardiothoracic & Vascular Surgery, Neurosciences & Spine Surgery, Orthopaedics, Gastroenterology, Internal Medicine and Renal Sciences. Fortis Jaipur runs successful programmes in Renal Transplantation, Bone Marrow Transplantation and Cardiac Sciences.

The hospital intends to renew its focus on Obstetrics & Gynaecology and Oncology in the year ahead.

During the year, the hospital added a premium floor housing a presidential suite, three regular suites and 17 deluxe rooms. A new, dedicated Preventive Health Check area was also inaugurated. To add muscle to the hospital's diagnostic capabilities, an Intra Vascular Ultrasound (IVUS) and an Endoscopy Suite having High-Efficiency Particulate Air (HEPA) filters were installed. A 100W Holmium Laser Machine was also added to support Urological procedures.

In recognition of its contribution to the society, the hospital received several awards and recognitions through the year. Fortis Jaipur won the prestigious Six Sigma Healthcare Excellence awards in three categories — Best Patient Care, Patient Safety and Quality in 2013. The hospital also received the FICCI Healthcare Excellence Award for Operational

Excellence 2013 and the BIG Research recognition for Operational Excellence in Health Care 2013. The State Productivity Excellence Award for Productivity Excellence and Community Leadership Award were among the other recognitions won in 2013. In addition, The Week-Neilsen 2013 survey named Fortis Escorts, Jaipur, as the Best Super-speciality Hospital in Rajasthan.

Mumbai Cluster

Fortis has a very strong presence in the Mumbai region. The Fortis facilities in and around Mumbai, India's financial capital, include Fortis Hospital, Mulund, Fortis Hiranandani Hospital, Vashi, Fortis Hospital, Kalyan and S L Raheja Fortis Hospital, Mahim.

Fortis Hospital, Mulund

Fortis Hospital, Mulund, was the first hospital in South Asia to receive the Joint Commission International (JCI) accreditation, the global hallmark of quality and medical excellence. The hospital has gone on to receive the JCI accreditation thrice in succession, a testimony to its continued commitment to quality. Fortis Mulund is known for its clinical excellence in multiple specialities, including Cardiac Sciences, Orthopaedics, Oncology and Neurosciences among others. It has also been at the forefront of the organ transplant domain and has been continuously upgrading its capabilities in this area.

To further boost Fortis Mulund's intensive care capabilities, an electronically connected Super Intensive Care Unit (Super ICU) has been added. The hospital has launched several important clinical initiatives, including the Stone Clinic, the Obesity Centre and the Diabetes Surgery Centre. A Holmium Laser Surgery Programme was also launched during the year. Several new pieces of high-precision equipment, such as the 128

Slice Computed Tomographic (CT) scanner, are being procured to further enhance the hospital's diagnostic capabilities.

Recognising the need for continuous learning, the hospital regularly organises training programmes for its staff members. Two batches of nurses underwent an intensive Critical Care Nursing Programme and a Medication Management Workshop was conducted for the Fortis facilities in Mumbai. Forty-six staff members attended the first-of-its-kind National Simulation Workshop on Paediatric Emergency & Critical Care during the year. More than 400 delegates attended a two-day National Symposium on Emergency Medicine (NSEM) based on the theme, "Race Against Time."

Fortis Hospital, Mulund, has also been at the forefront of spreading community awareness through innovative programmes. To promote awareness of heart diseases, the Marketing Team collaborated with the leading contemporary musician, Leslie Lewis, to create a 'heart anthem,' *Mumbai ki Dhadkan*, which was very well received. The Fortis Child Heart Mission and promotion of Fortis Diabetes and Obesity Surgery Centre are among the other important initiatives undertaken through the year.

Fortis Hospital, Mulund, has been feted with several awards in recognition of its contribution to society. The hospital won the FICCI Healthcare Award for Operational Excellence 2013 for the second time in a row. The National Energy Conservation Award was bestowed by the Honourable President of India in 2012. Recently, Fortis Mulund won the Best Patient Safety Initiative at the Healthcare Leadership Awards 2014.

Fortis Hospital, Kalyan

Fortis Hospital, Kalyan, which began its journey as a referral centre,



has now transformed into a multi-speciality tertiary care hospital with capabilities to treat complex diseases and undertake demanding procedures like the Awake Craniotomy.

Fortis Hospital, Kalyan, also has state-of-the-art Orthopaedics and Cardiac Science centres to cater to a large, underserved population. Oncology, Neurosurgery and Cardiothoracic & Vascular Surgery (CTVS) are among the other key focus areas for the hospital. During the year, a Harmonic Scalpel was installed to conduct high-precision surgical procedures.

Fortis Hiranandani Hospital, Vashi

Fortis Hiranandani is one of the few multi-speciality tertiary hospitals catering to the growing population of the Navi Mumbai and Raigad regions adjoining Mumbai. The key specialities available include Cardiac Sciences, Orthopaedics, Urology, Pulmonology, Neonatology, Endocrinology, Oncology and

Critical Care. During the year, the hospital added a new Neurosciences department and expanded the Neonatal ICU (NICU).

Several new medical programmes in various specialities, such as Cardiac Sciences, Orthopaedics, Neurosciences, Urology, Gastroenterology, Mother & Child Health and General Surgery were launched. To offer specialised services, the hospital added a De-addiction Clinic, an Obesity Clinic and a Spine Clinic during the year. The "Golden Hour" concept was reinforced to better deal with cardiological, neurological and paediatric emergencies as well as trauma cases.

The hospital focussed on several initiatives aimed at achieving the twin objectives of reducing costs and being environmentally friendly. Installation of energy efficient and eco-friendly cooling systems, solar water heating system and Light Emitting Diode (LED) lights were some of the important initiatives in this respect.



Training and development of the medical staff is a top priority. A diploma course in Critical Care Nursing was launched as part of this initiative. Doctors underwent training on preventing medication errors. To enhance the patient care experience, the hospital identified, reviewed, standardised and implemented 15 specific nursing procedures.

Fortis S. L. Raheja Hospital, Mahim

Fortis S. L. Raheja Hospital was rated amongst the top 10 best multi-speciality hospitals in The Week-A. C. Neilsen survey, 2013. The hospital is a Centre of Excellence in Oncology. During the year, the hospital added a new Accident and Emergency unit. It also acquired a 1.5 Tesla Magnetic Resonance Imaging (MRI) scanner to augment its diagnostic capabilities. The hospital runs several successful programmes in Interventional Neuroradiology, Neurology & Neurosurgery, and a Laparoscopic Surgery programme.

It also has a state-of-the-art sleep lab to diagnose sleep-related disorders. The hospital has pioneered the treatment of breast cancer with conservative breast surgery and Intraoperative Radio Therapy (IORT), a novel technique that delivers a single high dose of radiation to the cancer-affected area.

Bengaluru Cluster

Fortis Hospital, Bannerghatta Road, Fortis Hospital, Cunningham Road, Fortis Hospital, Nagarbhavi, Fortis Hospital, Sheshadripuram, Fortis Hospital, Rajajinagar and Fortis Cauvery Hospital, Mysore are the key hospitals in the region.

Fortis Hospital, Bannerghatta Road

Fortis Hospital, Bannerghatta Road (BG Road) has been ranked No. 4 amongst the best hospitals in the world (No. 1 in India) for Medical Tourism by the Medical Travel and Tourism Quality Alliance (MTQUA), an independent organisation set up

to promote safety and quality in treatment for medical tourists in 2013. The hospital has also received the Joint Commission International (JCI) reaccreditation for the third time in a row, reaffirming Fortis, BG Road's commitment to medical excellence and quality care. The tertiary care hospital focuses strongly on Critical Care (medical and surgical) apart from all the major specialities. The hospital boasts of an excellent clinical team, supported by technologically advanced diagnostic and treatment facilities for treating complex conditions.

During the year, the hospital launched speciality clinics for Headache, Obesity, Diabetic Cardiology and Renal Cardiology. Cardiac Surgery continues to be a major offering, with the focus being on procedures like Primary Angioplasty in Myocardial Infarction (PAMI) and Coronary Artery Bypass Graft (CABG). In view of the alarming rise in heart diseases, the hospital has launched a sustained awareness building campaign, named "Attack the Attack." Non-surgical kidney stone removal also witnessed strong traction amongst patients.

The Orthopaedic Surgery team performed a large number of bone and joint replacements, with Total Knee Replacements (TKR) topping the chart. The team is also actively working on Minimally Invasive Spine Surgery.

Fortis Hospital, Cunningham Road

Fortis Hospital, Cunningham Road, is a multi-speciality centre with a predominant focus on cardiac care. The hospital does commendable work in the fields of Cardiac Sciences, Electrophysiology and Cardiac Devices, and Cardiac Surgery. In January 2014, the hospital added a second cardiac catheterisation lab, dedicated for

emergencies. The hospital plans to add an electrophysiology lab with 3D mapping capability to provide further impetus to its Electrophysiology and Cardiac Devices programme.

During the year, an Arrhythmia Clinic was launched to rapidly diagnose significant variations in cardiac rhythm in patients. Speciality Heart Failure, Obesity and Gastro-oesophageal Reflux Diseases (GERD) clinics were also launched to deal with the growing demand for specific services. The hospital plans to focus on growing endovascular and other non-coronary cardiac procedures, laser surgeries, bariatric surgeries, pacemaker implantations, defibrillator-resynchronisation and complex Urological procedures.

Fortis Hospital, Cunningham Road, has initiated a Clinical Research programme with two drug trials and a new DNB programme. A Post-Doctoral fellowship in Interventional Cardiology has also been introduced.

Kolkata Cluster

Fortis has several key facilities in the region, including Fortis Hospital, Anandpur, Fortis Hospital & Kidney Institute and Fortis Hospital, Rashbehari Avenue.

Fortis Hospital, Anandpur

Now in its fourth year of operation, this 380-bed hospital has established itself as a multi-speciality setup of choice for the people of the region, offering highly specialised care in Cardiac Sciences, Pulmonology, Nephrology, Gastroenterology, Orthopaedics and Neurosciences. The hospital caters to patients not only from Kolkata and its suburbs, but also from the neighbouring states of Bihar, Odisha, Jharkhand, the North-Eastern states and neighbouring countries like Bangladesh and Bhutan.

The region has a high incidence of cardiovascular, gastrointestinal

and oncological diseases. Besides, the hospital also caters to a steadily growing population of senior citizens. Fortis Hospital, Anandpur, has set up Fortis Information Centres and Regional Clinics in 10 locations which serve to screen and funnel patients requiring advanced medical care to the hospital.

During the year, the hospital launched a new Interventional Bronchoscopy programme and conducted its first paediatric kidney transplant as well as its first paediatric cardiac surgery. The hospital is working to further enhance its Oncology services to meet the surge in demand.

Fortis Anandpur introduced several programmes to strengthen its connect with academia and research. A Masters in Emergency Medicine (MEM) programme was launched in collaboration with the Stanford Emergency Medicine International (SEMI). The hospital also conducted specialised courses in Critical Care, Oncology and Pain Management for the nursing staff. The hospital runs an ongoing programme on Advanced Cardiovascular Life Support (ACLS) and Basic Life Support (BLS). Researchers have completed eight projects so far and another 14 are in the pipeline.

Fortis Anandpur has launched several patient-centric initiatives such as Reconnect and Value Plus coupons to establish a loyal customer base. The hospital has also commissioned new equipment, including Endo Bronchial Ultrasound (EBUS), Laminar Flow Cabinet, Intravascular Ultrasound (IVUS) and Rotablator Rotational Atherectomy System to further enhance its clinical capabilities.

The hospital won a slew of recognitions during the year. It was ranked the No. 2 Best Multi-speciality Hospital by The Week-A. C. Nielsen Survey 2013, and won the

medical breakthroughs



Patient
Thrity Dalal

Hospital
**Fortis S. L. Raheja Hospital,
Mahim, Mumbai**

Doctor
Dr Vaibhav Kasodekar

Speciality
Orthopaedics



73-year-old fashion designer, Thrity Dalal, sustained a ghastly fracture after being thrown out of a train compartment by the peak hour crowd rushing out of the local train. She had to endure pain for quite a while before a relative finally took her to the S. L. Raheja Fortis Hospital in Mahim, Mumbai.

An X-ray revealed that the fall had damaged the ball of her right femur bone. She sustained an extensive fracture to her right hip. The ball of the femur bone not only dislocated but also broke due to the impact. A total hip replacement surgery was imminent as there was no other way to salvage the bone.

Though the patient's advanced age posed a risk, Dr Kasodekar and his team performed the surgery successfully.



National Energy Conservation Award 2013 in the hospital category. Fortis Anandpur secured the third position at the 13th CII National Supervisory Skills Competition 2013. The hospital also won the National Excellence in Healthcare Award 2014 instituted by the National Education and Human Resources Development Organisation in January, 2014.

Fortis Hospital & Kidney Institute, Kolkata

Fortis Hospital & Kidney Institute (FHKI) has established itself as a Centre of Excellence in Urology and Nephrology in Eastern India. The institute is regarded as a pioneer in the treatment of complex conditions in these specialities and is especially known for stone management, kidney transplants and laser surgeries. The hospital has successfully treated 21,500 renal stone cases since its inception and conducted over 350 kidney transplants.

The institute acts as a referral centre for critical cases and directs patients requiring multi-speciality support to other Fortis facilities. It is currently focusing on further developing the sub-specialities of Uro-Oncology, Uro-Gynaecology, Paediatric Urology and Reconstructive Urology.

FHKI conducts regular outreach consultations in various cities of West Bengal and its neighbouring states. These outstation clinics are used to market new talent and create awareness about its services.

medical breakthroughs

Patient
Chotu Ram

Hospital
Fortis Escorts Hospital, Jaipur

Doctor
Dr Sundeep Jain

Speciality
Gastrointestinal Surgery



When 55-year-old Chotu Ram was brought to Fortis Escorts Hospital, Jaipur, he was considerably weak because of persistent jaundice and recurrent abdominal aches. Investigations revealed that he was suffering from Stage II pancreatic cancer. The only treatment for the disease is the Whipple's resection, a complicated open surgery.

A team of surgeons led by Dr Sundeep Jain, Senior Gastrointestinal Surgeon, however, successfully treated the patient by conducting a complex total laparoscopic surgery, which involved the removal and reconstruction of five abdominal organs. The laparoscopic Whipple's procedure is a new development, available only in a few centres globally.

An open surgery is risky as chances of infection or complications like incisional hernia and bleeding are high. Surgeons therefore prefer a partial laparoscopic surgery to overcome these challenges. In such cases, however, the reconstruction is done through an open surgery. This was one of the first cases in Rajasthan where both the resection and the reconstruction were done laparoscopically.





Fortis launches India's first comprehensive Centre for treatment of end-stage Heart Failure & Transplant, at Fortis Malar Hospital, Chennai

Fortis has set up a world-class comprehensive Centre for Heart Failure and Heart Transplant at the Fortis Malar Hospital, Chennai, known for over two decades for its excellence in cardiac care. The speciality centre is ably supported by an experienced team of leading cardiac experts. It offers India's first Comprehensive Heart Failure, Heart Transplant and Artificial Heart Programme with extensive options for treatment and management of Congestive Heart Failure.

What sets the **Fortis Centre for Heart Failure Management and Heart Transplant** apart is its designation as a Ventricular Assist Device (VAD) destination which is a bridge to a transplant in case it is required later. VADs are implantable mechanical heart pumps. They have been used in recent times to sustain patients who are candidates for heart transplant as they await a donor heart and are increasingly being used as a substitute for transplantation.

The comprehensive heart disease management programme at Fortis Malar also includes preventive measures to avoid Heart Failure, Cardiopulmonary testing including peak oxygen consumption measurement and ECMO (lung heart machine) as a bridge to a transplant. In addition, patients learn to recognise fluid retention that signals heart failure. They are counselled on aspects of cardiac rehabilitation and personalised exercise plans are drawn up for them to strengthen their heart

muscle, improve blood circulation and support the recovery process.

The Cardiac Transplant Team at Fortis Malar has so far performed 35-ECMO, 20 heart-transplants, 5-VADs, and is credited with India's first successful implantation of Heartmate II LVAD and HVAD, a mechanical artificial heart pump. The entire team of physicians, coordinators and nursing staff comprises highly trained individuals with many years of experience in the field of transplant and heart failure management providing pre, peri and post-operative care.

A large number of Indian patients who need such specialised care had to travel abroad earlier. With the launch of the centre, they will benefit from the advanced therapy available in India. In Tamil Nadu alone, 100-150 organ donors are available each year but only around 20 heart transplants are carried out.

Heart Failure is a major health concern worldwide including in India. Twenty million people suffer from heart failure, out of which India witnesses two million new cases every year with at least a third of them requiring advanced therapy to survive. It is also important to note that, the mortality in heart failure patients is as high as 30-40% within a year of diagnosis. In India the treatment for heart failure is restricted to medical therapy, revascularisation therapy (restoration/augmentation of blood supply to the heart), valvular surgeries and cardiac resynchronisation (heart pacing) therapy.

Fortis Malar is recognised all over the world today as a centre of excellence providing the latest technology in heart care. Our doctors have copious and wide ranging experience in handling heart failure patients that includes the implant of India's first artificial heart.

Fortis Malar creates history, heals hearts beyond boundaries

A 40-year-old Pakistani national received a new lease of life after a complex heart transplant at the Centre of Excellence for Advanced Cardiac Care at Fortis Malar, Chennai. Dr K. R. Balakrishnan, Director, Cardiac Sciences, performed the lifesaving surgery in May 2013, truly reflecting Fortis's commitment to saving and enriching lives beyond borders. The remarkable achievement was extensively covered by the media.

Maulana Mohammed Zubair Ashmi, a resident of tehsil Kharian in the Gujarat district of Pakistan, was suffering from dilated cardiomyopathy, a condition where the functioning of both the ventricles of the heart is severely depressed. He was repeatedly admitted to several hospitals in Pakistan with breathing difficulty, poor urine output and swelling in the body. The doctors there finally realised that he was heading towards a heart failure and needed a heart transplant to save his life.

The patient had been on medication in Pakistan for more than a year since he was diagnosed with decreased pumping efficiency of the heart of around 10-15%, which is far below the normal rate of about 60%. When his condition became precarious, he was airlifted from a leading heart hospital in Lahore, Pakistan. Upon his arrival at Fortis Malar, a detailed medical examination was performed. The doctors then realised that he also had renal failure, fluid in his lungs and abdomen, and was Hepatitis C positive. All this made his condition extremely difficult to treat.

Despite being on maximal drugs, his cardiac function was deteriorating, leaving the doctors at Fortis Malar with the option of either finding a donor heart urgently or fitting him with an artificial heart implant device. His kidney was nearing a "shut



down" with a serum creatinine of about 3.8mg% (normal is less than 1mg%) and scanty urine output of less than 150 cc per day. Since his right ventricle was severely dysfunctional, an artificial long-term artificial heart pump support was ruled out.

Luckily for Zubair, after a wait of about two months, a suitable donor's heart became available, even though it was of a different blood group, thanks to the highly efficient organ sharing network system created in the State by the Govt. of Tamil Nadu.

Though transplants are usually done on people with same blood group, in Zubair's case the donor's blood group was O positive and his was AB positive. The tissue mapping in this case was good and viable. His Hepatitis C was treated with Interferon thereby reducing the viral load. The renal disease was managed with Inotropes to increase the renal blood flow. Immunosuppressants were modified to limit damage to the kidneys.

Today, Zubair is a happy man and is grateful to the Almighty. He is recuperating well and is able to walk and have food on his own, and his kidney function has completely recovered.

There are close to 1.5 million patients diagnosed every year with new onset heart failure in India, and at least a third of them will need advanced therapy to survive.

India's first HeartWare® Ventricular Assist Device (HVAD) successfully implanted at Fortis Malar

Fortis Malar has not only lived up to our motto of "saving and enriching lives," but has also made medical history in the process. On August 24, 2013, the Cardiac Surgery Team comprising Dr K. R. Balakrishnan, Director, Cardiac Sciences, Dr K. G. Suresh Rao, Head of Cardiac Anaesthesia & Cardiac Critical Care, Dr Sowrangshu Kumar Chowdhury,

Consultant, Cardiac Surgery, and Dr Srinath, Consultant, Cardiac Surgery, performed India's first successful HeartWare® Ventricular Assist Device (HVAD) implant on a 41-year-old patient, Mr Sathish Kumar, who was suffering from end-stage heart failure.

Sathish had a previous history of dilated cardiomyopathy and was under medical management under a cardiologist for the disease. One evening, as Sathish was driving back home with his family after a dinner, he experienced severe chest pain and collapsed at the wheel. Luckily, a Fortis nurse spotted him and rushed him to the Fortis Malar Hospital. The Emergency Team at Fortis Malar sprang into action. He was repeatedly administered shock and was successfully revived.

Later, investigations revealed that Sathish had arrhythmia and an ejection fraction of 20%, denoting end-stage heart failure. He was immediately listed as a transplant candidate. After a few weeks, he could wait no longer since he suffered from unstable rhythm and frequent ventricular tachycardia (a life-threatening condition wherein the pulse rate increases to more than 100 beats per minute, with at least three irregular heartbeats in a row), increasing the chances of a cardiac arrest. At this point, the doctors decided to go for an HVAD.

HVAD is the tiniest third generation USFDA approved ventricular assist device. The HVAD pump – a small, full-support circulatory assist device – is a third of the size of Heart Mate II. The device fits in the small space around the heart and does not require other parts of the body to be opened up. However, implanting the device demands great skill and dexterity.

The fact that Sathish recovered swiftly after the complex surgery and was discharged in just two-and-a-half weeks is a rarity in Indian medical history and a testimony to the capabilities of our cardiac surgeons.



PROJECT LAKSHYA

Lakshya is a pan-Fortis programme with a focus on the five core pillars of Patient Care, Clinical Excellence, Talent Engagement, Investor Confidence and Community Connect, that will drive the organisation forward in a wholesome manner, in the coming years.

Under Lakshya, a multi-year road map has been chalked out for the organisation. A key feature of this strategic initiative is the creation of comprehensive plans of action addressing each of the five pillar themes, complete with their respective dashboards and trackers and clearly defined accountability and ownership. Each tracker in turn has a set of detailed objectives, action plans, specific responsibility and accountability with clearly defined outcomes to monitor performance.

Patient Care

This Lakshya pillar lays thrust on introducing and strengthening patient

care practices across our vast network, that enable us to reach newer peaks in the domain of patient care and are decisive in developing 'patient loyalty' for Fortis.

Our fundamental purpose is to serve and look after our patients with efficiency, empathy and warmth. Providing our patients complete satisfaction and delighting them with our attitude and service during the care delivery process. Key attributes are: improved patient communication, innovative forms of patient engagement, additional patient services, improved efficiency in patient management processes and a focus on all the softer aspects of patient interaction, especially empathy and warmth. The desired success measure will be an improvement in patient satisfaction year on year.

Clinical Excellence

Striving for clinical excellence is a part of the core DNA of Fortis. With this Lakshya pillar, our goal is

to develop 'Centres of Excellence' (CoE) in Cardiac Sciences, Orthopaedics, Oncology, Paediatrics, Neuro Sciences and Multi-specialties, in identified key hospitals. It is our aspiration that these CoEs are recognised nationally and are ranked amongst the top 10 in India in the next few years.

Key considerations for the creation and qualification of CoEs will be the presence of comprehensive clinical programmes and specialities, adequate volumes of surgeries/procedures, monitoring and benchmarking of clinical outcomes, creation of quality and audit systems, and an emphasis on academics and research.

Talent Engagement

Engaging talent effectively will be a critical catalyst in the success of our organisation. We have set ambitious targets for ourselves. Our endeavour under Lakshya is to strive to be amongst the top 20 best employers in India.

As part of this goal, robust medium term plans have been developed to improve organisational performance management, enhance team working, address employee attrition and improve workplace efficiency. The key themes of the plan are: recruitment and selection, rewards and recognition, a robust performance management system, training and development, and career management.

Investor Confidence

Lakshya recognises that building investor confidence is essentially about engaging the investor community in the affairs of our organisation and sharing with them our strategy, plans and performance; and also demonstrating to them, over a period of time, the consistency in management thought in respect to strategy implementation.

It is equally important to take investors into confidence and

proactively share with them the altered rationale whenever there is a change in strategic direction. These advocacy actions lead to the building and enhancement of trust with the investor community.

Specifically stated, the goal of this Lakshya pillar is to enhance the market valuation of Fortis Healthcare.

Delivering sound financial performance is, therefore a critical cornerstone. Our teams have developed robust programmes to focus on and drive key business levers that will enable our hospitals to enhance patient footfalls and significantly improve operational efficiencies to deliver superior financial performance.

As we focus our attention and energy on doing the right things, sound performance will definitely be a natural outcome.

Community Connect

Integrating with the communities in places where we operate our hospitals is an integral part of this Lakshya pillar. It is about each of our hospitals playing a positive and responsible role by participating in programmes that are of relevance to the local community and also contributing to the resolution of issues that enrich community life.

Connecting with our community in more ways than we have done before is the intent of the programmes developed under Lakshya. The community engagement initiatives will focus on themes relating to women and children, medical relief during disasters, medical and other civic problems in urban and rural slums.

Efforts will also be made to create a platform for voluntary contributions to enhance our participation in issues that are socially relevant. This will call for close engagement with RWAs, Police, Government authorities, Non-



profit organisations, Educational institutions, etc. Apart from creating goodwill in the communities around our hospitals, such responsible participation will bring about an immensely positive image while positioning Fortis as a 'healthcare provider with a heart'.

The Lakshya programme provides the necessary focus and impetus for us as an organisation to build upon our strengths and core areas, ensuring that we consolidate our position of leadership in the healthcare space.

CORPORATE FUNCTIONS

Human Resources

For an organisation like Fortis, talent is undoubtedly the greatest asset. At Fortis, the human resources systems, procedures and organisational environment are all designed to nurture creativity and innovation, enabling greater efficiencies in human capital. The company acknowledges the value every employee brings to

the work environment and strives to nurture their competence and imagination, enabling them to add value to the organisation.

Financial year 2014 was significant for the Human Resources function. Concrete steps were taken towards transforming and instituting best-in-class practices. Several important initiatives that were launched in 2012-13 came to fruition this year.

To strengthen the organisational structure and enable it to deliver an enhanced and sustained performance, an organisational matrix structure was operationalised. As part of this re-alignment, functions like Human Resources, Information Technology, Corporate Communications and Supply Chain Management underwent structural changes.

Employee communication plays a very important role in the development of an organisation. To further enhance organisation-wide dissemination of information, an employee-friendly intranet portal



was launched, based on extensive feedback from employees. The Fortisian, Fortis's quarterly e-zine for employees, also serves as an important medium for sharing information. Additionally, the organisation celebrates individual, team and organisational successes through various engagement events. New employee engagement initiatives have been focussed on and key employee groups have been launched, which have been well received by the employees.

The annual Fortis "Living Our Values" (LOV) Awards — a Company-wide employee engagement programme, provides a platform to highlight and reward the exemplary behaviour of employees aligned to the organisational values on the one hand and to spread their awareness on the other.

There was continued emphasis on the learning and development activity for nursing and non-medical staff.

Programmes on Nursing Leadership and People Management were rolled out for nursing supervisors and senior/middle level managers. Workshops were conducted for Sales & Marketing staff on Digital Marketing and Sales Skills to facilitate understanding of the digital space and build a strong sales force. Training programmes such as 'Finance for Non-Finance People' were delivered to operational leads to familiarise them with the working principles of finance, set expectations, clarify roles and responsibilities to support strong financial management practices.

In addition, the Learning & Development team regularly conducted ongoing programmes at facilities on Service Excellence, Communication Skills, Stress Management, and Personal Development amongst others.

FY 14-15 will be an important year and will see a focussed effort towards strengthening the HR organisation

across the country through sustained transformational initiatives.

Information Technology

The Information Technology function continued to make strategic investments and has embarked on a plan to transform the function into a source of competitive advantage for the organisation.

Cutting edge advancements in Information Technology were leveraged for sustainable and significant business benefits. Fortis has pioneered the use and adoption of Cloud Computing in the healthcare industry and has established a flexible, scalable and robust IT infrastructure backbone for the Company's operational needs. This is a first in the world for a Company of the scale and size of Fortis.

To enable a robust decision support system, an initiative named Project F1 was launched. The project will deliver a common, scalable and replicable platform for Finance, HR and Supply Chain.

These apart, numerous technology initiatives and projects for enhancing Clinical Excellence, Patient Care, Employee Engagement and Financial Performance & Control were executed. A clinical outcome tracking solution was implemented for monitoring and reporting of clinical outcomes for three procedures in 10 hospitals. A customer data analytics tool was deployed across the organisation to enhance customer relationships and revenues through deeper insights into customer behaviour. The intranet was launched to create a common communication channel across the organisation and to enhance productivity of our people. A spend analysis solution was launched to significantly enhance the ability of the Supply Chain function to drive savings for the organisation.

Incremental efforts were made through the year, resulting in the establishment of a service and outcome oriented IT organisation.

Projects

During the year, the Projects function completed work on several new Fortis facilities, including the Fortis Memorial Research Institute, Gurgaon, the Fortis Hospital, Ludhiana, the Fortis Cancer Institute, Mohali, and the Fortis Hospital, Arcot Road, Chennai. Fortis Memorial, the flagship super-speciality hospital with a built up area of over 7 lakh square feet, was launched in May 2013.

Fortis Hospital, Ludhiana, is a multi-speciality hospital with a built up area of approximately 2 lakh square feet. The facility houses state-of-the-art medical equipment such as Linear Particle Accelerator (Linac), Brachytherapy Unit (Brachy), Positron Emission Tomography computed tomographic scanner (PET CT), Magnetic Resonance Imaging (MRI) scanner and Catheterisation Lab etc., which are required for Oncological, Cardiac, Orthopaedic and Neurological investigations.

Fortis Cancer Institute, Mohali, has a covered area of approximately 72,000 square feet. The facility houses a Linac, Brachy and PET CT equipment, among others.

Fortis Hospital, Arcot Road, Chennai, which will be launched soon, is a multi-speciality hospital having a covered area of approximately 1.7 lakh square feet.

The team is currently involved in several under-construction projects, including Fortis La Femme, Bengaluru, a standalone Mother & Child Centre in the heart of the city, on a built up area of approximately 65,000 square feet. The facility, when complete, will offer birthing, cosmetology, IVF and other day care procedures.

Another Fortis La Femme facility is on the cards in Ludhiana. The high-end Mother and Child Centre is expected to have a total built up area of 1.22 lakh square feet. The project is currently in the design phase.

Fortis Hospital, Bannerghatta Road, is being expanded with the addition of a new tower. The construction is spread across approximately 2.4 lakh square feet. This includes a 10,000 square feet space for Linac and Brachy bunkers. The project is currently in the design phase.

Medical Strategy & Operations Group (MSOG)

Clinical Excellence is at the core of our business. To achieve and maintain high standards of clinical excellence, Fortis has instituted the Medical Strategy & Operations Group to engage with the medical fraternity and facilitate implementation of organisational priorities. This includes identification and recruitment of clinical talent, medical process standardisation, medical infrastructure and medical technology management. Periodic monitoring and review of these initiatives is carried out and the outcome is regularly shared with the Leadership Team.

These efforts have resulted in several successes. On August 24, 2013, Dr K. R. Balakrishnan of Fortis Malar Hospital created history by performing India's first HeartWare® HVAD, a left ventricular assist device implantation. Clinical outcomes of procedures such as Coronary Artery Bypass Graft (CABG), Percutaneous Transluminal Coronary Angioplasty (PTCA) and Total Knee Replacement (TKR) are being tracked in line with international outcomes registries like the Society of Thoracic Surgeons (STS).

A Fortis Medical Council has been constituted as the apex medical body within Fortis. It comprises top

medical breakthroughs



Patient

Devender Singh

Hospital

Fortis Hospital, Anandpur, Kolkata

Doctor

Dr Shuvayu Banerjee

Speciality

Gastroenterology



Doctors at Fortis Hospital, Anandpur, Kolkata, saved the life of a teenager using Interventional Embolisation, a technique used in emergencies to stop bleeding. The 17-year-old student of Class X, Devender Singh, suffered serious abdominal injuries when the two-wheeler he was riding came under the wheels of a truck. Devender's family brought him to Fortis after about six hours of the accident, and by that time he had lost about 2.5 litres of blood. A CT scan revealed that he had arterial bleeding from the spleen and left kidney. His blood pressure was low and he had chest injuries too. Dr Shuvayu Banerjee, Consultant Laparoscopic & Gastrointestinal surgeon and his team therefore decided to go for Interventional Embolisation. The technique is helpful in all kinds of arterial bleeding and takes no longer than an hour and a half.



clinicians from all regions and the Leadership Team. At a regional level, Regional Medical Councils have been constituted on the same line with the members comprising the Regional Directors and key medical personnel from within the region. These councils meet regularly to deliberate upon key clinical issues and help to formulate the clinical strategy for the Company.

The Central Pharmacy and Therapeutic Committee has been reconstituted and tasked with reducing the inventory of drugs by adhering to three versions (Research, Branded & Generic) for each molecule, helping the Supply Chain group negotiate better rates thus saving costs, while guiding the organisation on the usage of drugs.

Hospital acquired infections are a major challenge for healthcare operators around the world. A pan-Fortis Infection Control Conclave was held in Bengaluru and the Central Infection Control Committee was

reconstituted to guide the organisation in establishing the best infection control and prevention practices. An Anti-Microbial Stewardship (AMS) Programme was also launched in association with MSD Pharma. The first Drug Resistance Index (DRI) was calculated for Fortis hospitals implementing AMS. DRI is a standard index that quantifies the resistance that microbes exhibit against commonly used antibiotics. The DRI underscores the importance of running the AMS programme diligently.

The MSOG actively collaborates with globally reputed organisations and participates in international research projects. Fortis is listed as a contributor to the International Consortium for Health Outcomes Measurements (ICHOM), Boston, for Coronary Artery Disease. ICHOM is a multi-country collaboration between Harvard Business School, Harvard Medical School, the Karolinska Institute and the

Boston Consulting Group. Another prestigious research project is the World Health Organisation (WHO) project on Referral Guidelines in Radiology & Imaging, for which the Fortis Memorial Research Institute, Gurgaon, the Fortis Hospital, Noida, and the Fortis Escorts Heart Institute, New Delhi, are among the pilot sites.

Training, education and research are among the vital components of a clinical excellence programme. Towards this end, a Memorandum of Understanding has been signed with Sanofi Aventis, a global pharmaceuticals giant, for collaboration in the areas of education, research and access. A steering committee has been constituted and the modalities of the collaboration are being worked out to take the engagement forward.

The first batch of 11 paramedics successfully completed the Emergency Medical Technician-Paramedic training programme, launched in association with the University of Utah, USA. The trainees completed the 1200 hour programme based on international standards laid down by the National Emergency Medical Service of USA. The year-long classroom and hospital training programme was followed by six months of internship.

Several external training programmes were also organised during the year. A clinical audit training was organised in New Delhi along with the National Accreditation Board for Hospitals & Healthcare Providers (NABH). The Medical Operation heads from various hospitals along with 35 clinicians attended the training sessions. A Root Cause Analysis (RCA) training was also organised in collaboration with NABH on Adverse Events, bringing together over 40 participants from Medical Administration, Quality and Nursing.



The MSOG also regularly conducts Quality Improvement Training. Three such sessions on 'Model for Improvement' methodology for Continuous Quality Improvement were held in Mumbai, New Delhi and Bengaluru. The projects were selected on the basis of need assessment in the areas of clinical or operational efficiency carried out by the hospitals. Twenty-two hospitals successfully completed quality improvement projects. The Medicine Reconciliation project of Fortis Hospital, Mulund, was adjudged the best.

In a first at Fortis, a two-day Medical Affairs Workshop for Medical Heads and Regional Quality Heads was held, wherein initiatives such as the MSOG Standard Operating Procedures (SOPs), Non-medical SOPs, Compliance Framework, Medical Process Assurance, Supply Chain Initiatives, Medical Architecture, MSOG Annual Operating Plan, Medical Operating Standards (MOS) & Clinical Excellence Score Card (CESC), Medical Operations and Anti-Microbial Stewardship Programme were discussed.

Medical Process Standardisation, Mitigation of Risks by identifying Risk Managers and Risk Champions, Implementation of SOPs, notably those for Organ Transplant safety, Implementation of Quarterly Compliance Checklists for various SOPs, were some of the other important activities undertaken during the year. Medical audits were also conducted at various hospitals, including Fortis La Femme, Fortis Hospital, Noida, and Fortis Hospital, Shalimar Bagh, New Delhi.

Patient

Sanjeev Kumar, Ranjit Singh, Paramveer (minor) and Pargat Singh

Hospital

Fortis Hospital, Mohali

Doctor

Dr Priyadarshi Ranjan and Dr H. K. Bali

Speciality

Renal Sciences and Cardiac Sciences



A team of doctors at Fortis Hospital, Mohali, conducted life-saving surgeries on three patients suffering from kidney failure and complex heart diseases. Of the three patients, an 18-year-old from Bhatinda had a hole in the septum separating the ventricles of his heart. A 31-year-old had defects in both heart valves, while a 17-year-old had multiple severe cardiac defects. Our doctors performed procedures to rectify these defects and then, conducted the kidney transplants. The team of doctors was led by Dr Priyadarshi Ranjan, Director – Kidney Transplant Surgery and Urology and Dr H. K. Bali, Director – Cardiology. Describing the complexity of the cases, Dr Bali said, "Since such patients have a very poor cardiac reserve and are on a variety of blood thinners, very few centres across the globe do such kind of transplant operations."

Corporate Social Responsibility



Fortis prides itself in being a responsible Corporate Citizen and strives to make world-class healthcare services available to the community through its multiple outreach programmes

Fortis Healthcare prides itself in being a responsible corporate citizen and has been greatly involved in bringing about a positive change in the society through various initiatives. Several programmes directed at the grassroots are implemented through the Fortis Foundation. Fortis leverages its core skills, experience, capabilities, technologies and facilities for its social programmes.

The Little Hearts Program

Launched on May 1, 2014, the programme is a joint initiative between the Fortis Foundation and Being Human – The Salman Khan Foundation. Last year, more than 300 underprivileged children suffering from Congenital Heart Disease (CHD) were treated under this programme. To identify more cases, four Paediatric Cardiac Camps were held in Leh and Kargil in Jammu & Kashmir, Muzaffarnagar in Uttar Pradesh and Alwar in Rajasthan.

Global Dignity - India Program

This initiative was launched in August 2013 by the Fortis Foundation in association with the PricewaterhouseCoopers (PwC) Foundation. Mr Malvinder Mohan Singh, Executive Chairman, Fortis Healthcare, is the Country Chair of Global Dignity, which is an autonomous non-profit global initiative headquartered in USA. A Coffee Table book on the India programme was also published, capturing stories of students who had participated in these sessions. In February 2014, the World CSR Congress recognised Fortis



with an award under the “Innovations in Corporate Social Responsibility Practices” category for this initiative.

During the reporting year, 12 sessions were conducted, drawing participation from 45 schools from Delhi-NCR and Jaipur. Through these sessions, nearly 2,000 students and 150 teachers were sensitised about the concept of dignity and how to promote it. A total of 150 Fortis & PwC employees volunteered as facilitators.

Treatment of Baby Roona Begum

The Fortis Foundation supported the treatment of Baby Roona Begum, the daughter of a daily wage labourer from Tripura, who suffered from a rare disorder, Hydrocephalus. The condition had caused her head to swell to a circumference of 94 centimetres (37 inches), putting pressure on her brain and making it impossible

for her to sit upright or crawl. Her head shrank to 58 centimetres after several surgical procedures conducted between April-July 2013 and later from November 2013 - January 2014.

Project SEWA

The Fortis Foundation initiated Project SEWA during the Uttarakhand flashfloods to provide much-needed medical aid to the affected population, including stranded tourists and pilgrims. The first mission of this project was successfully completed in four areas - Badrinath, Joshimath, Rudraprayag and Gauchar. This was achieved through the support of Fortis employees who volunteered their services and time. In September 2013, “SEWA - A Disaster Relief Initiative” was formally launched across Fortis. Each Fortis facility has set up a five-member Disaster Response Team (DRT) and more than 500 employees have registered as volunteers.



The Head of Corporate Social Responsibility (CSR) at Fortis, Ms Sakina Baker, was awarded the citation of “One of the Top 50 CSR Professionals in India” in February 2014 at the World CSR Congress, held in Mumbai.

Supporting awareness on childhood cancer

For the past three years, the Fortis Foundation has been supporting Cankids Kidscan, a pan-India NGO and family support group that helps children suffering from cancer and their families. In FY 2013-14, the Foundation organised a month-long awareness campaign on Childhood Cancer, which began on February 15, 2014, to mark the 13th International Childhood Cancer Day. Over 40 paediatric cancer centres from over 20 cities participated in the event.

Clothes donation for Muzaffarnagar riot victims

An appeal for support within Fortis by the Foundation resulted in a huge contribution of warm clothes and blankets for the Muzaffarnagar riot victims. Donations were received from Fortis facilities across India. On February 2, 2014, a truckload of warm clothes and blankets were sent to Muzaffarnagar and distributed at several relief camps.

Workshop on Life Skills

A life skills workshop, “Developing i,” for differently-abled athletes and coaches of Special Olympics Bharat was held by the Foundation at the Fortis Memorial Research Institute, Gurgaon (FMRI), on May 10, 2013. This workshop was conducted in association with the Department of Mental Health and Behavioural Sciences, FMRI, and was attended by over 20 delegates.

“Compassion Begins at Home” Campaign

In June 2013, the campaign was held in association with The Times of India. It aimed at reaching out to the readers of the newspaper and sensitising them about taking care of the medical needs of their domestic help, driver, and other personal staff. Special health check packages were designed for the beneficiaries at a nominal cost, and paid for by the TOI readers. 23 facilities in 12 cities participated in this campaign and 100 people availed of the services.



Fortis Healthcare CSR Committee

A high-level CSR Committee was set up, consisting of board members, Dr P. S. Joshi as the Chairman and Mr Harpal Singh and Mr Malvinder Mohan Singh as members. The committee will guide the CSR efforts of the Company, finalise the CSR Policy, and recommend long- and short-term programmes.



Directors' Report

Dear Members,

Your Directors have pleasure in presenting here the Eighteenth Annual Report of your Company together with the Audited Standalone and Consolidated Financial Accounts and the Auditors' Report thereon for the Year ended March 31, 2014.

FINANCIAL RESULTS

The highlights of Consolidated Financial Results of your Company and its Subsidiaries are as follows:

[` in Million]

Particulars	Consolidated	
	Year ended March 31, 2014	Year ended March 31, 2013
<i>Continuing Operations</i>		
Operating Income	36,656.66	30,423.36
Other Income	1,697.02	1,511.22
Exceptional items	-	9,958.88
Total Income	38,353.68	41,893.46
Total Expenditure	36,229.05	28,199.40
Operating Profit	2,124.63	13,694.06
Less: Finance Charges, Depreciation & Amortization	4,668.72	6,900.69
Profit before Tax	(2,544.09)	6,793.37
Less: Tax Expenses	166.46	1,748.22
Net Profit for the year	(2,710.55)	5,045.15
Profits/ (losses) attributable to Minority Interest	9.93	277.42
Share in the (Loss)/Profit of Associates	113.19	82.24
Profit for the year from continuing operations (A)	(2,607.29)	4,849.97
<i>Discontinuing Operations</i>		
Profit before tax from discontinuing operations	3,975.61	1,163.47

Particulars	Consolidated	
	Year ended March 31, 2014	Year ended March 31, 2013
Tax expense of discontinuing operations	98.59	564.94
Profit after tax and before minority interest from discontinuing operations	3,877.02	598.53
Share in profits/ (losses) of associate companies	(4.64)	0.14
Profits attributable to minority interest	39.68	449.29
Profit for the year from discontinuing operations (B)	3,832.70	149.38
Profit for the year (A+B)	1,225.41	4,999.37

The highlights of financial results of your Company as a Standalone entity are as follows:

[` in Million]

Particulars	Standalone	
	Year ended March 31, 2014	Year ended March 31, 2013
Operating Income	3,689.08	3,529.72
Other Income	2,296.38	1,905.69
Total Income	5,985.46	5,435.41
Total Expenditure	4,493.36	3,541.33
Operating Profit	1,492.10	1,894.09
Less: Finance Charges and Depreciation	1,077.80	1,573.33
Profit before Tax	414.30	320.76
Less: Tax Expenses	174.36	148.27
Net Profit for the year	239.94	172.49

OPERATING RESULTS AND PROFITS

For the Financial Year 2013-14, the Company recorded audited consolidated revenues from continuing operations of ` 36,657 Million, a growth of 20% over the previous year revenues of ` 30,423 Million. However, including the revenue from the discontinued operations i.e. Dental Corporation Holding Limited, Quality Healthcare and Hoan My of ` 10,945 Million, overall revenues for the company stood at ` 47,593 Million compared to ` 60,516 Million in Financial Year 2012-13.

Consolidated total income (including other income and exceptional item) from the continuing operations for the financial year 2013-14 was at ` 38,353 Million compared to ` 41,893 Million in the previous year. Operating profit for the year stood at ` 2,124 Cr. compared to ` 13,694 Cr. in the previous year. The Net Profit after Tax but before Profits attributable to Minority Interest and Share in the profits of Associates

stood at ₹ (2,710) Million as against ₹ 5,045 Million for the corresponding previous year. The Net Profit after Tax but before Profits attributable to Minority Interest and Share in the profits of Associates from discontinued operations stood at ₹ 3,877 Million as against ₹ 598 Million for the corresponding previous year. The Net profit for the year (including both continuing and discontinuing operations) was ₹ 1,225 Million against ₹ 4,999 Million in the previous year.

Your Company has continued to strive towards improving the value proposition it offers to the patients and general public and during the year under review, has made further strides in implementing its strategic growth and development initiatives across various facets of the Organization. Expanding and deepening the footprint of network hospitals has helped us to touch increasing number of lives during the year.

Your Company is a leading, healthcare delivery provider in Asia. As of 31 March 2014, the healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Singapore, Dubai, Mauritius and Sri Lanka with 66 healthcare facilities (including projects under development), over 10,000 potential beds. In addition, the company's Indian diagnostics business has a presence in over 450 cities and towns, with an established strength of 281 laboratories including 141 self-operated laboratories, 31 laboratories located in Fortis healthcare facilities, 21 wellness centres and 3 international laboratories. It also has over 5,800 collection points, which includes 48 collection centers that are owned and 48 collection centres at locations outside India. Your Company is driven by the vision of becoming a global leader in the integrated healthcare delivery space and the larger purpose of saving and enriching lives through clinical excellence.

CAPITAL RAISING AND CHANGES IN CAPITAL STRUCTURE

Changes in Capital Structure

Under the terms of the "Employee Stock Option Plan 2007", the Company allotted 14,800 equity shares of ₹ 10 each, against exercise of vested stock options by the eligible employees during the year. Further, the following allotments took place during the year under review:

- (i) In May, 2013, 34,993,030 Equity Shares of ₹ 10

each at an issue price of ₹ 92 per Equity Share aggregating to ₹ 3,219.4 million to qualified institutional buyers by way of Institutional Placement Programme in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- (ii) In June, 2013, 18,833,700 Equity Shares of ₹ 10 each, at a premium of ₹ 89.09 per share aggregating to ₹ 1,866.3 million to International Finance Corporation ("IFC") by way of preferential allotment under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI Regulations").
- (iii) 3,737,449 Equity Shares of ₹ 10 each, for cash, at a premium of ₹ 89.09 per share to Standard Chartered Private Equity (Mauritius) III Limited ("SCPE"), aggregating to ₹ 370 million.

During the year under review, the Company has redeemed all its preference shares comprising of 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each amounting to ₹ 145 lac and 3,196,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each amounting to ₹ 287.64 lacs.

Further, during the Financial Year 2013-14, the Company issued, by way of public subscription, Foreign Currency Convertible Bonds (FCCBs) aggregating USD 30,000,000 to eligible investors and another FCCBs to International Finance Corporation at a base price of ₹ 99.09 per Equity share for an aggregate consideration of USD 55,000,000.

LISTING OF EQUITY SHARES/BONDS

The Equity Shares of the Company continue to be listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Further, the existing Foreign Currency Convertible Bonds (FCCBs) are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange and Singapore Exchange Securities Trading Limited). The requisite annual listing fees have been paid to these Exchanges.

SHARES UNDER COMPULSORY DEMATERIALIZATION

The Equity Shares of your Company are included in the list of specified scripts where delivery of shares

in dematerialized (demat) form is compulsory, if the same are traded on a Stock Exchange, which is linked to a Depository. As of March 31, 2014, 99.80% Equity Shares of the Company were held in demat form.

STOCK OPTIONS

The Company currently manages its stock options through "Employee Stock Option Plan 2007" and "Employee Stock Option Plan 2011" ("Schemes") as approved by the shareholders. The Nomination and Remuneration Committee (erstwhile Human Resources and Remuneration Committee) of the Board of Directors of the Company, *inter alia*, administers and monitors the Schemes of the Company. Each option when exercised would be converted into one fully paid up equity share of ₹ 10/- each of the Company. During the year under review, 37,15,000 grants were made by the Company under ESOP 2011. Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") for the year ended on March 31, 2014 have been set out in Annexure II to this Directors' Report.

The certificate from the Statutory Auditors of the Company stating that the Schemes have been implemented in accordance with the SEBI Guidelines would be placed at the Annual General Meeting for inspection by members.

SUBSIDIARY COMPANIES

During the year under review:

- The Company sold its entire equity stake (held through its subsidiary- Fortis Healthcare Australia Pty Limited) in Dental Corporation to Bupa, Australia for a total consideration of AUD 276 million in May, 2013. The Company, therefore, no longer holds any interest in the business of Dental Corporation.
- The Company (through its subsidiary- Fortis Healthcare International Pte Limited), sold its equity stake in Fortis Hoan My Medical Corporation, Vietnam ("Hoan My") to Viva Holdings Vietnam (Pte.) Ltd., a Chandler Corporation company, for an aggregate consideration of USD 80.00 million.
- The Company (through its subsidiary- Fortis Healthcare International Pte Ltd.) divested its stake in October, 2013 in Altai Investments

Limited, (holding company of Quality Healthcare, Hongkong) to BUPA International Limited for USD 365.00 million.

- Fortis Health Management (North) merged with Fortis Hospitals Limited (both subsidiaries of the Company) effective from the appointed date i.e. April 01, 2012 vide the hon'ble High Court of Delhi order dated July 22, 2013.

SRL LIMITED

SRL Ltd has established itself as a leader in the Indian diagnostic space by maintaining its technological superiority, expanding its network and attracting the best medical, technical and managerial talent in the country. It offers a menu of over 3,500 tests spanning the screening, diagnostic, monitoring and prognostic spectra of lab medicine. SRL is the only complete diagnostic services provider, with offerings spanning Pathology, Radiology, Wellness, Occupational Health and Clinical Trials. It operates 281 laboratories, including 12 reference labs and carries out over 100,000 tests a day. SRL's four Centres of Excellence (CoE) in Histopathology, Molecular Biology, Cytogenetics and Haematology are the nerve centres for advancements in these areas. SRL, being committed to quality, has highest number of accredited labs -31 labs accredited by the NABL (ISO 15189:2007) and 4 labs accredited by CAP.

EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

The Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011, has provided an exemption to Companies from complying with the provisions of Section 212 of the Companies Act, 1956, provided such Companies publish the Audited Consolidated Financial Statements in the Annual Report. Accordingly, in terms of general exemption, the Board of Directors of the Company, in its Meeting held on May 29, 2014, resolved that the Financial Statements and other required documents of the subsidiary companies are not required to be attached with the Balance Sheet of the Company for this fiscal year.

The Annual Accounts of these subsidiary companies and the related information are open for inspection by any member including the members of subsidiary companies at the registered office of the Company and that of subsidiaries concerned, during the working hours on all working days. The Company

will make available these documents to the members including members of subsidiary companies upon receipt of request from them. The members, if they so desire, may write to the Company to obtain a copy of financials of the subsidiary companies.

REPORT ON CORPORATE GOVERNANCE

Your Company continues to place greater emphasis on managing its affairs with diligence, transparency, responsibility and accountability.

Your Company is committed to adopting and adhering to the best Corporate Governance practices recognized globally. Your Company understands and respects its fiduciary role and responsibility towards stakeholders and the society at large, and strives hard to serve their interests, resulting in creation of value and wealth for all stakeholders at all times.

The report of Board of Directors of the Company on Corporate Governance is given in the section titled "Report on Corporate Governance" forming part of this Annual Report.

Certificate of M/s. Sanjay Grover & Associates, Company Secretary in whole-time Practice, regarding compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed with the said Corporate Governance Report.

CODE OF CONDUCT

Declaration of Mr. Malvinder Mohan Singh, Executive Chairman confirming compliance with the 'Fortis Code of Conduct' is enclosed with Corporate Governance Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges of India, forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND CSR COMMITTEE

Your Company is committed towards the development of healthcare for improving the quality of life.

During the year, your directors have constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of Dr. P. S. Joshi as the Chairman and Mr. Harpal Singh and Mr. Malvinder Mohan Singh as members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

PUBLIC DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the Public pursuant to the provisions of Section 58A of the Companies Act, 1956, and therefore, no amount of principal or interest was outstanding in respect of deposits from the Public as of the date of Balance Sheet.

DIVIDEND AND TRANSFER TO RESERVES

Keeping in view the aggressive growth strategy of the Company, the Board of Directors of your Company have decided to plough back the profits and thus, not recommended any dividend for the financial year under review. Accordingly, during the said year, no amount has been transferred to reserves.

INVESTOR SERVICE CENTRE

During the year under review, the Company has changed its Registrar and Transfer Agent from Link Intime India Private Limited to Karvy Computershare Private Limited ("Karvy") w.e.f. February 8, 2014. The details of Karvy is given in the Corporate Governance Report.

DIRECTORS

In accordance with the provisions of Companies Act, 1956, the Company had at its last Annual General Meeting held in the year 2013, re-appointed Mr. Harpal Singh and Dr. P.S. Joshi, who were liable to retire by rotation.

During the Financial Year 2013-14, the Company had appointed Mr. Udai Dhawan as an Additional Director at its meeting held on February 11, 2014. Further, Ms. Lynette Joy Hepburn Brown was also appointed as an Additional Director by the Board at its meeting held on May 29, 2014. Accordingly, it is proposed to appoint Mr. Udai Dhawan as Non-Executive Non-Independent Nominee Director and Ms. Lynette Joy Hepburn Brown as Non-Executive Independent Director at the ensuing Annual General Meeting.

Pursuant to the provisions of Companies Act, 2013 and Clause 49 of Listing Agreement (as amended), the independent directors shall hold office for a tenure of five years. Accordingly, all the above named directors are appointed for a period of five years as per the details given in the notice.

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Sunil Godhwani and Mr. Gurcharan Das are liable to retire by rotation at the ensuing Annual General Meeting. In terms of Company's Policy on Director's Retirement, Mr. Gurcharan Das, having attaining the age of Superannuation has not opted for reappointment and accordingly will cease to be a Director of the Company with effect from the conclusion of the ensuing Annual General Meeting. Since, no proposal has been received for filling the vacancy, for the present it is proposed not to fill the vacancy created by the retirement of Mr. Das. The Board of Directors extends their sincere appreciation for the valuable contributions made by Mr. Gurcharan Das during his tenure as a Director of the Company.

Mr. Sunil Godhwani, being eligible, has offered himself for re-appointment.

Your Directors recommend the re-appointment of Mr. Godhwani, at the ensuing Annual General Meeting.

The Company has received notices in writing together with requisite deposit from members proposing the appointment/re-appointment of Mr. Sunil Godhwani and Mr. Udai Dhawan.

STATUTORY AUDITORS / AUDITORS' REPORT

M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors for the financial year 2014-15.

The Company has received a letter dated August 4, 2014 from them to the effect that their re-appointment, if made, would be within the limit prescribed under Section 139 of the Companies Act, 2013, and that they are not disqualified for such re-appointment within the meaning of Section 141 of the Act.

Based on the recommendations of the Audit and Risk Management Committee, the Board of Directors of

the Company proposes the appointment of M/s. S.R. Batliboi & Co., LLP Chartered Accountants, as the Statutory Auditors of the Company.

The Statutory Auditors have, in their report to the Board of Directors on the Consolidated Financial Statements of the Company made the following comments which are self-explanatory:

Emphasis of Matter

- a) *Attention is drawn to note 11(A) & (B) and note 12(i) & (ii) to the financial statements regarding matters relating to tax demands and termination of certain land leases allotted by Delhi Development Authority (DDA) respectively against one of the subsidiary ("Escorts Heart Institute and Research Centre Limited") more fully described therein. Based on the advice given by the external legal counsel, no provisions/ adjustments have been considered necessary by the group in this regard in the financial statements. Our opinion is not qualified in respect of the aforesaid matter.*
- b) *Attention is drawn to note 11(C) to the financial statements regarding non-compliance with order of Hon'ble High Court of Delhi in relation to provision of free treatment/ beds to poor by one of the subsidiary ("Escorts Heart Institute and Research Centre Limited") more fully described therein. Based on legal opinion, no provisions/ adjustments have been considered necessary by the group in this regard in the financial statements. Our opinion is not qualified in respect of the aforesaid matter.*
- c) *Attention is drawn to note 11(D) to the financial statements, relating to the order of Navi Mumbai Municipal Corporation (NMMC) received by one of the subsidiary ("Hiranandani Healthcare Private Limited"), concerning alleged contravention of the provisions of Bombay Nursing Home Registration (Amended) Act, 2005 and more fully described therein. Based on the advice given by the external legal counsel, no provisions/ adjustments have been considered necessary by the group in this regard in the financial statements.*

Our opinion is not qualified in respect of the aforesaid matters.

The above matters are self explanatory and are categorised as "Matter of Emphasis" hence no comments in this regard has been offered by your Board of Directors.

DISCLOSURES UNDER SECTION 217 (1) & (2) OF THE COMPANIES ACT, 1956

Material Changes/Commitments

Except as disclosed above or elsewhere in this Annual Report, there have been no material changes and commitments, between the end of financial year and the date of this Report, which can affect the financial position of the Company.

Except as disclosed above or elsewhere in this Annual Report, during the financial year under review, no material changes have occurred in the nature of the Company's business or that of its subsidiaries and generally in the classes of business in which the Company has an interest.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, is given in Annexure I, forming part of this Directors' Report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C and other applicable provisions, if any, of Companies Act, 1956, all unclaimed/unpaid application money (₹ 8,09,988/-) remaining unclaimed /unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the Investor Education and Protection Fund established by the Central Government in May, 2014. Accordingly, no claim shall be against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

PARTICULARS OF EMPLOYEES

The Statement containing particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the members excluding this Statement. Copies of this statement may be obtained by the members by writing to the Company Secretary at the registered office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

For the Financial Year 2013-14, the Directors hereby confirm:

- (a) that in the preparation of the Annual Accounts for the year ended March 31, 2014, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) that the directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) that the Directors had prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Central Government, State Governments and all other Government agencies for the assistance, co-operation and encouragement they have extended to the Company.

Your Directors also take this opportunity to extend a special thanks to the medical fraternity and patients for their continued cooperation, patronage and trust reposed in the Company.

Your Directors also greatly appreciate the commitment and dedication of all the employees at all levels, that has contributed to the growth and success of the Company. Your Directors also thank all the strategic partners, business associates, Banks, financial institutions and our shareholders for their assistance, co-operation and encouragement to the Company during the year.

On behalf of the Board of Directors

Date : August 7, 2014
Place : Gurgaon

Malvinder Mohan Singh
Executive Chairman

ANNEXURE I TO DIRECTORS' REPORT

A. Conservation of Energy

a) Energy conservation measures taken:

- For a number of units such as Fortis Memorial Research Institute (FMRI), Shalimar Bagh, Mohali, etc. the building orientation has been designed in a manner that helps to maximize use of day light and to reduce heat gain in order to reduce Energy Consumption.
- Across all major hospitals, efforts have been made to reduce consumption of water by utilizing treated waste water for irrigation, for flushing and for making up for Cooling Tower water requirements.
- The Glass used for façade in a number of facilities (such as BG Road, FMRI, Mohali, Noida) is double glazed and is energy efficient-Low emissivity type which helps in reducing solar heat gain coefficient while improving the visibility.
- Steam condensate is being used for heating water purposes in some units.
- The Company has entered into a 10 year Power Purchase Agreement (PPA) for utilizing wind power at Malar and Mulund.
- Units such as Jaipur and FMRI have reported consistent cost savings under the Open Access (Power Exchange) initiative, more units such as FEHI, Vasant Kunj and Shalimar Bagh are in process of operationalizing this initiative.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

- Introduction of roof glazing system (such as in the atrium in BG Road, FMRI,

Noida) to minimize the day time light usage.

- Building envelope has been constructed by using Auto Aerated Concrete Block (in all new projects) for better insulation thereby reducing Air Conditioned Load.
- Photo-volt Solar panels have been installed to generate electricity to reduce lighting load on main grid and also for heating the water thereby reducing consumption of electricity.
- Energy efficient Chillers, DG Sets and Pumps have been installed to reduce energy consumption. Variable Frequency Drives have been installed (at FEHI, Anandpur, FMRI) to conserve energy.
- Timers and Occupancy Sensors have been installed in some offices to optimize the use of electricity.
- Installed Fuel Efficient DG sets with electronic fuel injection system.
- Installed photo electric sensors to control operation of street lighting in TS1, TS2 and Trumpet.
- The Company is in advanced state of installing solar panels for generating electricity across three large units.
- The Company has initiated installation of LED lamps and lighting across its Noida facility. This is expected to bring about annual energy savings to the tune of approximately 5-10%. Additionally, the Company is exploring options to expand this initiative in Mulund, Mohali, and Kalyan.
- The Company is in the process of conducting structural analysis of a steam de-superheater in Mulund. This is

intended to replace individual hot water heaters in patient rooms thereby reducing power consumption.

c) Impact of measures at (a) & (b):

- The energy conservation measures taken from time to time have resulted in considerable reduction of energy and thereby reducing the cost.
- Stress is given on the use of Building Management Systems resulting in reduction in Chiller running time.
- For a number of units, reduction in energy consumption efforts have resulted in achievement of Energy Efficiency Ratios (EER) of 0.71 as compared to 0.80 earlier.

B. Technology Absorption

1. Research & Development (R & D):

- Services of Tata Energy Research Institute (TERI) have been utilized to achieve sustainable design of building. FMRI has been awarded 4 Star GRIHA Rating post auditing by consultants. Building simulation techniques have been used to achieve energy efficient design for the hospital by integration of day light and by carefully selecting Light fixtures and engineering equipment.
- Whole Body 3D M-Dixon post contrast imaging - New technique (1st time) in MRI Directors' Report diagnosis which is accepted for presentation in RSNA (Radiology Society of North America). This technique help in assessment of entire body for cancerous lesions and identify the once that is most easily accessible for biopsy.

2. Technology Absorption, Adaptation & Innovation:

a) Efforts in brief, made towards technology absorption, adaptation & innovation

- Variable Frequency Drives (VFDs) have been used in Chillers and critical AHUs.
- Variable Air Volume (VAVs) devices have been used in some AHUs.
- Variable Refrigerant Volumes have been used in some areas.
- 12 nos. Rain Water Harvesting Pits have been provided to conserve rain water and improve the water table.
- Linoleum floor has been used in patient areas which is made of natural materials and is bacteriostatic thereby helps in reducing infection.
- Pneumatic Tube System (PTS) has been installed to transfer samples and medicines from patient areas to lab, pharmacy, nursing stations etc.
- Recirculation of treated water to reduce water consumption.
- R134 a refrigerant has been used which helps in minimize depletion of Ozone Layer.
- Elekta LINAC & Brain lab have joined hands at our hospital for the first time in the world. This has resulted in treating tumors with extreme & unprecedented accuracy and precision.
- Brain Suite is integrated with mobile CT gantry, Navigation system, OR

Table & Microscope first time in India. This helps to provide intra operative CT guidance while performing Brain, Spine & Trauma surgery. CT gantry movement on rail & navigation system helps in localizing tumor & fracture area so that surgeon can decide the procedural approach on table.

- Two Integrated OR (Operation room) - integrated with set of equipment having voice command control which helps reduce the manual interface.

b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

- As a result of installing PTS, usages of man movement and lifts have been reduced.
- The above steps are helping us all across to conserve energy, thus reducing the energy costs at few of our hospitals by a considerable margin over the previous financial year.

Annexure II to Directors' Report

ESOP Disclosure in Directors' Report
Details of Employee Stock Option Plan 2007 and Employees Stock Option Plan 2011 for the year ended March 31, 2014
(as per Clause 12 of SEBI (ESOS and ESPS) Guidelines, 1999)

Particulars	Details (Employee Stock Option Plan 2007)										Details (Employee Stock Option Plan 2011)										
	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)			
The total number of options granted are 1,05,22,950 (including reissue of lapsed/cancelled options)	February 13, 2008	4,58,500	71	October 13, 2008	33,500	50	July 14, 2009	7,63,700	77	October 1, 2010	1,302,250	158	September 12, 2011	200,000	152	February 23, 2012	4,050,000	111	June 10, 2013	3,715,000	91
Outstanding Options as on April 1, 2013		1,68,080			2,000			3,48,200			10,06,750			Nil			30,00,000			N.A.	
Pricing Formula	Latest available closing price of the equity shares of the Company, prior to the date of grant of options by the Nomination and Remuneration Committee (erstwhile Human Resources & Remuneration Committee) (NRC/HR & RC), on the Stock Exchange on which the shares of the Company are listed.										Exercise price of the options granted by the NRC/HR & RC (₹)										
	Date of Grant of Option					Latest available closing price of the shares of the Company at the National Stock Exchange of India Limited (₹)															
	13-Feb-08					79.95					71										
	13-Oct-08					49.05					50										
	14-Jul-09					76.95					77										
	1-Oct-10					157.75					158										
	12-Sep-11					151.95					152										
	23-Feb-12					110.75					111										
	10-Jun-13					90.35					91										
	Total Number of Options vested during the year	*Nil	400 valid options were vested on October 13, 2013			72,040 valid options were vested on July 14, 2013			197,550 valid options were vested on Oct 1, 2013			Nil			Nil						
Total Number of Options exercised during the year i.e. April 1, 2013 to March 31, 2014	10,900	Nil			3,900			Nil			Nil			Nil							
Total Number of Options lapsed/forfeited/cancelled during the year ended on March 31, 2014	11,000	Nil			9,000			19,000			Nil			15,00,000			8,75,000				
Total Number of Equity Shares arising as a result of the exercise of the options (assuming vesting of the valid options and exercise of all the valid options vested)	10,900	Nil			3,900			Nil			Nil			Nil			Nil				
Total Number of Options in force as on March 31, 2014	146,180	2,000			3,35,300			9,87,750			Nil			15,00,000			2,840,000				
Variation in the terms of the options	Nil	Nil			Nil			Nil			Nil			Nil			Nil				

Annexure II to Directors' Report

Particulars	Details (Employee Stock Option Plan 2007)										Details (Employee Stock Option Plan 2011)			
	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Date of Grant	Number of options granted	Exercise Price (₹)	Exercise Price (₹)
Money realized by exercise of the options during the year ended on March 31, 2014		773,900			300,300			Nil				Nil		Nil
Person-wise details of options granted to:														
a) Directors and Key Managerial Employees		21,800*			1,88,600*			13,500*				14,00,000*		12,00,000*
b) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year		Nil		During the Financial Year 2008-09, under this grant, more than 5% of the options were granted to 8 employees aggregating 33,500 options*.		During the Financial Year 2009-10, under this grant, more than 5% of the options were granted to 5 employees aggregating 4,25,000 options*.		During the Financial Year 2010-11, under this grant, more than 5% of the options were granted to 3 employees aggregating 2,50,000 options*.		During the Financial Year 2011-12, under this grant, more than 5% of the options were granted to 1 employee aggregating 2,00,000 options*.		During the Financial Year 2011-12, under this grant, more than 5% of the options were granted to 6 employees aggregating 23,00,000 options*.		During the Financial Year 2013-14, under this grant, more than 5% of the options were granted to 6 employees aggregating 18,00,000 options*.
c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued Equity Share Capital (excluding outstanding warrants & conversions) at the time of grant		Nil			Nil			Nil				Nil		Nil
Diluted Earnings Per share (EPS), as reported on consolidated basis, pursuant to the issue of Equity shares on exercise of the options calculated in accordance with AS 20 for the year ended March 31, 2014														0.53
Vesting Schedule	Except in cases of death and disability and subject to the right of the HR & RC/NRC to, in its absolute discretion, vary or alter the vesting date for an employee or a class of employees, the options will vest in the ratio of 20% each at the end of the first, second, third, fourth and fifth years from the date of grant.													
Lock in	Not Applicable													
Impact on profits and EPS of the last three years	2013-14 Impact on Profits - ₹ 62.74 million Impact on EPS - ₹ 0.14				2012-13 Impact on Profits - ₹ 41.28 Million Impact on EPS - ₹ 0.09				2011-12 Impact on Profits - ₹ 53.85 Million Impact on EPS - ₹ 0.13					

Annexure II to Directors' Report

Particulars	Details (Employee Stock Option Plan 2007)										Details (Employee Stock Option Plan 2011)				
	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	Employee Compensation Cost on the basis of the intrinsic value of stock options is zero while on the basis of the fair value of stock options is ₹ 62.74 million														
Impact on profits of the Company and on the EPS arising due to difference in the Accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	Impact on Profits- ₹ 62.74 million Impact on EPS - ₹ 0.14														
Weighted average exercise price and weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted Average Exercise price ₹ 106.38 Weighted average fair value ₹ 37.47														
A description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted-average information:	The Company has used the intrinsic value method. However, for estimating the fair value of the options granted, the Black Scholes Option Valuation Model ("Black Scholes Model") has been used														
* Risk free interest rate	10 year zero coupon treasury rate has been utilized as the risk free rate applied to the Black Scholes Model														
* Expected Life	The expected life of the options granted to the eligible employees is 5.5, 6.5, 7.5, 8.5 and 9.5 years from the date of grant for each round of vested options, respectively. This is based on various schemes launched by various organizations in the country														
* Expected volatility	Volatility is calculated on the movement of the Company's (and comparable companies') share price on the NSE in the past one year, prior to the date of grant. The same volatility is applicable to the Black Scholes Model.														
* Expected dividends	No dividend has been paid as yet														
* The price of the underlying share in the market at the time of option grant	₹ 79.95 on NSE on February 12, 2008	₹ 49.05 on NSE on October 10, 2008	₹ 76.95 on NSE on July 13, 2009	₹ 157.75 on NSE on September 30, 2010	₹ 151.95 on NSE on September 9, 2011	₹ 110.75 on NSE on February 22, 2012	₹ 90.35 on NSE on June 7, 2013								
* Names of the Employees have not been given, keeping in view the sensitivity															
* All the options granted on February 13, 2008 have already been vested and hence no vesting took place during the year.															

Report on Corporate Governance

1. INTRODUCTION

Corporate governance essentially is the system of structures, rights, duties and obligations by which companies are directed and controlled. This governance structure specifies the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs. This is reflected in the Company's philosophy on Corporate Governance.

2. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance ensures fairness, transparency and integrity of the management. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, it is committed to high levels of ethics and integrity in all its business dealings that avoid conflicts of interest. In order to conduct business with these principles, the Company has created a corporate structure based on business needs and maintains a high degree of transparency through regular disclosures with a focus on adequate control systems.

3. BOARD OF DIRECTORS - Composition of the Board

The Board of Directors ("the Board") is at the core of the Company's Corporate Governance practices and oversees how Management serves and protects the long term interest of its stakeholders. It brings in strategic guidance, leadership and an independent view to the Company's Management while discharging its fiduciary responsibilities, thereby, ensuring that Management adheres to highest standards of ethics, transparency and disclosure.

Our policy towards the Composition of Board is to have an appropriate mix of Executive, Non-Executive and Independent Directors, representing a judicious mix of professionalism, subject to specific competence in areas critical to the organization, knowledge and experience. This helps to drive value-based guidance whilst maintaining the independence of the Board and to separate its functions of Governance and Management.

Currently, the Board consists of 11 Members, of whom 2 (Two) are Executive Directors viz., an Executive Chairman and an Executive Vice Chairman and 9 (Nine) are Non-Executive Directors. Amongst the 9 (Nine) Non-Executive Directors, 6 (Six) are Independent Directors. The Non-Executive Directors bring an external and wider perspective in Board's deliberations and decisions.

The size and composition of the Board conforms to the requirements of Clause 49 of the Listing Agreement with Stock Exchanges. Other details relating to the Directors as on March 31, 2014 are as follows:

Name of the Director	Position held in the Company	Directorship in other Companies[@]	Committee Membership in other Companies[#]	Committee Chairmanship in other Companies[#]
Mr. Malvinder Mohan Singh	Executive Chairman (Promoter)	4	2	-
Mr. Shivinder Mohan Singh	Executive Vice Chairman (Promoter)	5	-	-
Dr. Brian William Tempest	Non-Executive Independent	3	1	-
Mr. Gurcharan Das	Non-Executive Independent	3	-	-
Mr. Harpal Singh*	Non-Executive Non-Independent	4	1	-
Dr. Preetinder Singh Joshi	Non-Executive Independent	7	1	3
Mr. Sunil Naraindas Godhwani	Non-Executive Non-Independent	10	6	1
Mr. Pradeep Ratilal Raniga	Non-Executive Independent	1	-	-
Ms. Joji Sekhon Gill	Non-Executive Independent	-	-	-
Mr. Udai Dhawan**	Non-Executive Non-Independent	3	2	-

[@] Excluding Private Limited Companies which are not subsidiaries of Public Limited Companies, Foreign Companies and Companies formed under Section 25 of the Companies Act, 1956 / Section 8 of Companies Act, 2013.

[#] Represents membership/chairmanship of Audit Committee & Shareholders'/Investors' Grievance Committee of Indian Public Limited Companies.

* Related to Promoters

** Mr. Udai Dhawan represents Standard Chartered Private Equity (Mauritius) III Limited (SCPE), in pursuance of Shareholder's Agreement executed with the Company.

Further, Mr. Balinder Singh Dhillon, Executive Director, resigned from the Board w.e.f. February 11, 2014.

None of the Directors on Board, is a member in more than ten committees and/or act as a chairman/ chairperson of more than five committees across all the companies in which he/she is a Director.

Except Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh, who are brothers, and Mr. Harpal Singh, who is Mr. Malvinder Mohan Singh's father-in-law, none of the Directors are related to one another.

Ms. Lynette Joy Hepburn Brown was appointed on the Board of Directors as Additional (Independent) Director, w.e.f. May 29, 2014, subject to the approval of the shareholders.

Disclosure regarding appointment or re-appointment of Directors

During the year ended 31st March, 2014, the Board membership was expanded by the addition of Mr. Udai Dhawan, as an Additional Nominee Director.

Mr. Sunil Naraindas Godhwani and Mr. Gurcharan Das are liable to retire by rotation at the ensuing Annual General Meeting. The Company has received confirmation recommending the re-appointment of Mr. Sunil Godhwani at the ensuing Annual General Meeting. The Board has recommended the re-appointment of Mr. Sunil Naraindas Godhwani as the director liable to retire by rotation. Mr. Gurcharan Das having attained the age of Superannuation has not opted for re-appointment at the ensuing Annual General Meeting and accordingly will retire upon the completion of his term.

Pursuant to the provisions of Companies Act, 2013 and Rules made thereunder, all the Independent Directors on the Board as on date will be appointed/re-appointed at the ensuing Annual General Meeting for a period of five years.

The profiles of all the above directors in terms of Clause 49 of the Listing Agreement are provided in the Notice convening the ensuing Annual General Meeting.

Board Functioning & Procedure

The Board of Directors is an apex body constituted by the members for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic directions of the Company, Management's policies and their effectiveness and ensures that the long term interests of the shareholders are being served.

The probable dates of the Board Meetings for the forthcoming year are decided in advance and published as part of the Annual Report. The Board meets at least once in a quarter to review the performance of the Company and approves, inter alia, the quarterly financial results. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

Independent Directors are regularly updated on performance of the Company, business strategy and new initiatives being taken/ proposed to be taken by the Company. The agenda for each Board Meeting alongwith background papers are circulated in advance to the Board Members to facilitate meaningful discussion at the meeting. Every Board Member is free to suggest items for inclusion in the agenda.

The Directors are provided free access to offices and employees of the Company. Management is encouraged to invite Company's officials to such Board Meetings at which their presence and expertise helps the Board to develop a full understanding of matters being deliberated.

The Company effectively uses audio / video conferencing facility to enable the participation of Directors who cannot attend the same in person.

Seven Board meetings were held during the year ended March 31, 2014. These were held on (i) May 23, 2013; (ii) May 30, 2013; (iii) August 08, 2013; (iv) September 27, 2013; (v) November 12, 2013; (vi) February 11, 2014; and (vii) March 25, 2014.

The following table gives the attendance record of the directors at the above said Board Meetings and at the last Annual General Meeting, which was held on September 27, 2013:

Name of the Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Malvinder Mohan Singh	6	Yes
Mr. Shivinder Mohan Singh	7	Yes
Mr. Balinder Singh Dhillon**	4	Yes
Dr. Brian William Tempest	7	Yes
Mr. Gurcharan Das	2	No
Mr. Harpal Singh	6	Yes
Ms. Joji Sekhon Gill	4	No
Mr. Pradeep Ratilal Raniga	6	No
Dr. Preetinder Singh Joshi	5	Yes
Mr. Sunil Naraindas Godhwani	1	Yes
Mr. Udai Dhawan*	1	N.A.
Lt. Gen Tejinder Singh Shergill ^	4	N.A.

Dr. Brian has attended one meeting through Video Conference which is included above and Mr. Gurcharan Das has attended one meeting through telephone call.

* Appointed as Additional Director w.e.f. February 11, 2014.

** Ceased to be Director w.e.f. February 11, 2014.

^ Retired w.e.f. September 27, 2013.

Availability of information to the members of Board:

As required under Clause 49 of the Listing Agreement, to the extent applicable, following information, as and when applicable, is placed before the Board:

- Annual operating plans and budgets and any updates thereto.
- Capital expenditure plan and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of all committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for services rendered by the Company.
- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions including any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Sale of material nature of investments, subsidiaries, assets which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

Statutory Compliances

The Board periodically reviews the mechanism put in place by the Management to ensure the compliances with Laws and Regulations as may be applicable to the Company as well as the steps taken by the Company to rectify the instances of non-compliances, if any.

Code of Conduct

The Board has prescribed a Code of Conduct (“the Code”) for all employees of the Company including Senior Management and Board Members, which covers the transparency, behavioral conduct, a gender friendly work place, legal compliance and protection of the Company’s property and information. The code is posted on the website of the Company. In terms of Clause 49 of the Listing Agreement, the Senior Management and Board Members have confirmed the compliance with the Code for the financial year 2013-14. A declaration to this effect signed by the Executive Chairman of the Company, is provided elsewhere in this Report.

4. COMMITTEES OF THE BOARD

In terms of Clause 49 of the Listing Agreement, Companies Act, 2013 and/or Companies Act, 1956, the Board has formed Four Committees viz. Audit and Risk Management Committee (formerly Audit, Risk and Controls Committee), Stakeholders Relationship Committee (formerly Shareholders’/ Investors’ Grievance Committee), Nomination and Remuneration Committee (formerly Human Resources and Remuneration Committee) and Corporate Social Responsibility Committee.

Keeping in view the requirements of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement, the Board decides the terms of reference of these Committees and the assignment of members to various committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

(A) Audit and Risk Management Committee

Composition:

As on March 31, 2014, Audit and Risk Management Committee comprised of the following members, namely:

- Dr. Brian William Tempest, Chairman,
- Mr. Harpal Singh,
- Mr. Pradeep Ratilal Raniga, and
- Dr. P S Joshi.

Members of the Committee are financially literate and one member is having requisite accounting and financial management expertise. Mr. Rahul Ranjan, Company Secretary, acts as the Secretary of the Audit and Risk Management Committee.

The salient roles and responsibilities associated with the Audit and Risk Management Committee include, but are not limited to, the following:

- To review, with the management, the financial statements and auditor's report thereon before submission to the board for approval,
- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible,
- To review management discussion and analysis of financial condition and results of operations,
- To review the financial statements, in particular, the investments made by the unlisted subsidiary company(ies),
- To review and approve all related party transactions as reported by the Management or any subsequent modification thereof,
- To review disclosure of any "related party transactions" made in the Annual Financial Statements and Auditor's Report,
- To review, with the management, the statement of uses / application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter,
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors,
- To scrutinize inter corporate loans and investments,
- Valuation of undertakings or assets of the company, wherever it is necessary and appointment of valuer(s),
- To review and monitor the auditor's independence, performance and effectiveness of audit process,
- To recommend appointment, remuneration and terms of appointment of auditors of the company after taking into consideration the qualifications and experience of the individual or the firm proposed to be considered for appointment as auditor,
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern,
- To review, select and recommend the appointment/removal and remuneration of the cost auditors,
- To review appointment, removal and terms of remuneration of the Chief Internal Auditor and other matters pertaining to internal audit function,
- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board,
- To review with the management adequacy of the Internal Control System,

- To evaluate risk management system,
- To review and oversee the Whistle Blower mechanism, and
- To approve appointment of CFO.

The above-mentioned roles and responsibilities reflect the salient terms of reference and responsibilities for the Committee. The detailed and exhaustive Mandate of the Audit and Risk Management Committee is available on the website of the Company for reference.

Reporting to the Board

The Chair shall report to the Board on matters arising at the Committee meetings and, wherever applicable, shall present the Committee's recommendations to the Board for its approval.

Meetings of Audit and Risk Management Committee and attendance during the year

Five meetings of Audit and Risk Management Committee were held during the year ended March 31, 2014. These were held on (i) May 22, 2013; (ii) May 30, 2013; (iii) August 07, 2013; (iv) November 11, 2013; and (v) February 10, 2014.

The attendance of members of Audit and Risk Management Committee at the said meetings was as follows:

Sr No.	Name of the Member	No. of meetings attended
1.	Dr. Brian William Tempest	5
2.	Mr. Harpal Singh	4
3.	Dr. P. S. Joshi	5
4.	Mr. Pradeep Ratilal Raniga	5
5.	Lt. Gen. T S Shergill^	3

^Ceased to be member w.e.f. September 27, 2013.

The Statutory Auditors, Internal Auditors, Executive Director, Chief Executive Officer and the Chief Financial Officer are generally invited to the meetings of the Audit and Risk Management Committee.

(B) Stakeholders Relationship Committee:

Composition

As on March 31, 2014, the Stakeholders Relationship Committee comprised of the following members, namely:

- (i) Dr. P. S. Joshi, Chairman,
- (ii) Mr. Shivinder Mohan Singh, and
- (iii) Mr. Harpal Singh

Mr. Rahul Ranjan, Company Secretary acts as the Secretary of the Stakeholders Relationship Committee and the Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with the Stock Exchanges.

Terms of Reference

- To approve/refuse/reject registration of transfer/transmission of Shares in a timely manner;
- To authorise printing of Share Certificates post authorization from the Board of Directors of the Company;

- To issue the Share Certificates under the seal of the Company, which shall be affixed in the presence of, and signed by:
 - (i) any two Directors (including Managing or Whole-time Director, if any), and
 - (ii) Company Secretary / Authorised Signatory;
- To authorise affixation of the Common Seal of the Company on Share Certificates of the Company;
- To authorise to sign and endorse the Share Transfers on behalf of the Company;
- To authorise Managers/Officers/Signatories for signing Share Certificates;
- To authorise issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation / Rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilized;
- To monitor redressal of stakeholders complaints/grievances including relating to non-receipt of allotment / refund, transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc;
- To authorize to maintain, preserve and keep in its safe custody all books and documents relating to the issue of share certificates, including the blank forms of share certificates;
- To oversee the performance of the Register and Transfer Agents and to recommend measures for overall improvement in the quality of investor services; and
- To perform all functions relating to the interests of security holders of the Company and as assigned by the Board, as may be required by the provisions of the Companies Act, 2013 and Rules made thereunder, Listing Agreements with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority.

The above-mentioned roles and responsibilities reflect the salient terms of reference and responsibilities of the Committee. The detailed and exhaustive Mandate of the Stakeholders Relationship Committee is available on the website of the Company for reference.

Details of Investors' Grievances received during the year 2013-14:

Nature of Complaints	Received	Resolved/ Attended	Pending
Non Receipt of Securities / Transfers / Annual Report / other Miscellaneous	15	14	1*
Total	15	14	1*

* The pending complaint has already been resolved as on date.

The Company gives utmost priority to the redressal of Investors' Grievances which is evident from the fact that all complaints received from the investors were resolved expeditiously, to the satisfaction of the investors.

No share transfer was pending as on March 31, 2014.

Four meetings of Stakeholders Relationship Committee were held during the year ended March 31, 2014. These were held on (i) May 23, 2013; (ii) August 08, 2013; (iii) November 12, 2013; and (iv) February 10, 2014.

The attendance of members of the Stakeholders Relationship Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1.	Dr. P S Joshi, Chairman	4
2.	Mr. Shivinder Mohan Singh	4
3.	Mr. Harpal Singh	4

(C) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (constituted as on March 25, 2014)

Composition:

As on March 31, 2014, Corporate Social Responsibility Committee comprised of the following members, namely:

- (i) Dr. P.S. Joshi, Chairman,
- (ii) Mr. Malvinder Mohan Singh, and
- (iii) Mr. Harpal Singh.

Mr. Rahul Ranjan, Company Secretary, acts as the Secretary of Corporate Social Responsibility Committee.

The salient roles and responsibilities associated with the Corporate Social Responsibility Committee include, but are not limited to, the following:

- Reviewing and making recommendations, as appropriate, with regard to the Company's corporate social responsibility (CSR) policy(ies) indicating the activities to be undertaken by the Company;
- Reviewing the various proposals of CSR programmes / projects as submitted by CSR department of the Company and if thought fit, approval thereof, provided that the same is within the framework of CSR Policy;
- Identification and appointment of various eligible agencies / entities for execution of CSR programmes or projects of the Company;
- Fixation of the schedule of implementation of CSR projects and programmes and supervise and review the same;
- Liaisoning with management on the Company's CSR program, including significant sustainable development, community relations and procedures;
- Satisfying itself that management of the Company monitors trends and emerging issues in the corporate social responsibility field and evaluates the impact on the Company;
- Scheduling regular reports from CSR Department(s) and / or various eligible agencies or entities on the Company's CSR performance to assess the effectiveness of the CSR program;
- Identifying the principal areas of risks and impacts relating to corporate social responsibility and ensuring that sufficient resources are allocated to address these liabilities;
- Reviewing the annual budget for the Company's CSR activities to confirm that sufficient funding is provided for compliance with this mandate;
- Reviewing the Company's CSR performance and to assess the effectiveness of the CSR program and to determine whether the Company is taking all appropriate actions in respect of those matters and has been duly diligent in carrying out its responsibilities and to make recommendations for improvement, wherever appropriate; and

- Opening of various bank account(s) and authorizing the bank signatories, as may be required, for execution of various CSR programmes or projects of the Company and change, if any, of said signatories and closure of said bank account(s).

The above-mentioned roles and responsibilities reflect the salient terms of reference and responsibilities for the Corporate Social Responsibility Committee. The detailed and exhaustive Mandate of the CSR Committee is available on the website of the Company for reference.

Meetings of Corporate Social Responsibility Committee and attendance during the year

No meeting of the Corporate Social Responsibility Committee was held during the financial year ended on March 31, 2014.

(D) Nomination and Remuneration Committee

Composition

As on March 31, 2014, the Nomination and Remuneration Committee comprised of the following members:

- (i) Ms. Joji Sekhon Gill, Chairperson,
- (ii) Mr. Gurcharan Das,
- (iii) Dr. P S Joshi, and
- (iv) Mr. Malvinder Mohan Singh

The salient roles and responsibilities associated with the Nomination and Remuneration Committee include, but are not limited to, the following:

- Assisting in Identifying and finalizing suitable candidates as members of the Board and recommendation of compensations norms;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising of remuneration policy and Board diversity policy for the Board Members;
- Monitoring and Evaluation of Board Evaluation Framework;
- Identification of the persons who may be appointed in senior management, evaluation of performances of Key Managerial Personnel, monitoring their compensation packages, employment arrangements and remuneration policy;
- Review of all terminations / severance of employments of Key Managerial Personnel where such has been occasioned for cause of breach of policy;
- Review and approve succession and emergency preparedness plan for the Key Managerial Personnel, Chief Financial Officer and all senior Management personnel reporting directly to the Chief Executive Officer;
- Review and recommend on to the Board for approval the grant of stock options or pension rights to the employees and/or Directors of the Company and subsidiary companies and to discharge delegated authorities under different ESOP Plans of the Company;
- Monitoring the remuneration of other employees of the Company for recommendation to the Board;
- Review of organization structure;
- Maintaining a framework for talent/competency development strategy; and
- Review and, if advisable approve human resource related policies and procedures.

The above-mentioned roles and responsibilities constitute the salient terms of reference and responsibilities for the Nomination and Remuneration Committee. The detailed and exhaustive Mandate of the Committee is available on the website of the Company for reference.

Meetings of Nomination and Remuneration Committee and attendance during the year

Three meetings of Nomination and Remuneration Committee were held during the year ended March 31, 2014. These were held on (i) May 07, 2013; (ii) November 11, 2013; and (iii) December 12, 2013.

The attendance of members of Nomination and Remuneration Committee at these meetings was as follows:

Sr No.	Name of the Member	No. of meetings attended
1	Ms. Joji Sekhon Gill, Chairperson	3
2	Mr. Gurcharan Das	1
3.	Dr. P S Joshi	2
4.	Mr. Malvinder Mohan Singh	2
5.	Lt. Gen. T S Shergill^	1

^ Ceased to be a Member w.e.f. September 27, 2013.

Mr. Rahul Ranjan, Company Secretary, acts as the Secretary of the Nomination and Remuneration Committee.

Remuneration Policy & criteria of making payments to Executive and Non-Executive Directors

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice.

The Directors' remuneration policy of your Company conforms to the provisions of Companies Act, 1956. The remuneration paid/payable to the Executive Directors is as recommended by the Nomination and Remuneration Committee, decided by the Board and approved by the Shareholders and Central Government, wherever required.

Presently, the Non-Executive Directors are paid sitting fees for attending the Meetings of Board of Directors and various Committees of Board viz. Audit and Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee and Honorarium.

The key components of the Company's Remuneration Policy for the Board Members are:

- Compensation will be based on credentials and the major driver of performance.
- Compensation will be competitive and benchmarked with industry practice.
- Compensation will be fully transparent and tax compliant.

Remuneration to Directors

a) Executive Directors

Mr. Malvinder Mohan Singh was appointed as a Whole-time Director of the Company designated as the Executive Chairman for a period of 5 years w.e.f. January 11, 2012. The Board of directors and the shareholders have approved payment of remuneration to Mr. Malvinder Mohan Singh, for a period of three years w.e.f. April 1, 2013 for an amount of 2% of net profits or Rs. 15 crores, whichever is higher. The application for the same has been filed with the Central Government during the year under review.

Mr. Shivinder Mohan Singh, was appointed as a Whole-time Director of the Company designated as Executive Vice Chairman, for a period of three years w.e.f. November 13, 2012.

Mr. Balinder Singh Dhillon was appointed as a Whole-time Director of the Company designated as Executive Director for a period of five years w.e.f. January 11, 2012. The Board of directors and the shareholders have approved payment of remuneration to Mr. Dhillon, for a period of three years w.e.f. April 1, 2013 for an amount not exceeding Rs. 5 crore. The application for the same has been filed with the Central Government during the year under review. He resigned from the Board w.e.f. February 11, 2014.

The details of remuneration paid to Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh during the financial year ended March 31, 2014 is as under:

For Mr. Malvinder Mohan Singh

(In `)

Salary, Allowances & Perquisites	Retiral Benefits	Service Contract		Total
		Tenure	Notice Period	
52,200,000	1,728,000	5 years w.e.f. January 11, 2012	3 Months	53,928,000

For Mr. Shivinder Mohan Singh

(In `)

Salary, Allowances & Perquisites	Retiral Benefits	Service Contract		Total
		Tenure	Notice Period	
52,200,000	1,728,000	3 years w.e.f. November 13, 2012	3 Months	53,928,000

Notes:

1. Retiral Benefits of ` 1,728,000 are towards 'Employer's PF Contribution'.
2. As the liability for Gratuity & Leave Encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to Mr. Shivinder Mohan Singh and Mr. Malvinder Mohan Singh is not ascertainable and, therefore, not included in the above.

b) Non-Executive Directors' Compensation and Disclosures -

Except the sitting fees and honorarium being paid to the Non-Executive Directors of the Company, there were no other pecuniary relationships or transactions of the Non-Executive Director(s) *vis-à-vis* the Company.

The Non-Executive Directors are paid an all inclusive fees, for an amount of Rs. 7,50,000 per annum for a period of 5 years, commencing from April 01, 2012 with an additional Fees of ` 2,50,000 per annum to such Non-Executive Director who is also a Chairman/ chairperson of any Committee(s) of the Board or may become so in future.

c) Details of sitting fees and Shareholding of Directors

The details of Sitting Fees paid to Directors and their Shareholding as on March 31, 2014 is as follows:

S. No.	Name of Director	Sitting Fees* (₹)	Shareholding in the Company as on March 31, 2014 (No. of Shares)
1.	Mr. Malvinder Mohan Singh	NA	11,508
2.	Mr. Shivinder Mohan Singh	NA	11,508
3.	Mr. Balinder Singh Dhillon^	NA	22,000
4.	Dr. Brian William Tempest	2,40,000	NIL
5.	Mr. Gurcharan Das	60,000	10,000
6.	Mr. Harpal Singh	2,80,000	58,003
7.	Ms. Joji Sekhon Gill	1,40,000	NIL
8.	Mr. Pradeep Ratilal Raniga	2,20,000	NIL
9.	Dr. P S Joshi	3,20,000	33,000
10.	Mr. Sunil Godhwani	20,000	38,500
11.	Lt. Gen T S Shergill^^	160,000	16,000
12.	Mr. Udai Dhawan	20,000	NIL

* For attending the Board Meetings, Audit and Risk Management Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee

^ Ceased to be a director w.e.f. February 11, 2014.

^^ Retired from directorship w.e.f. September 27, 2013 and ceased to be the member of Audit and Risk Management Committee and Nomination and Remuneration Committee from the same date.

The Company has not granted any stock options to any of its Directors.

5. SUBSIDIARY COMPANIES

During the Financial Year 2013-14, Fortis Hospitals Limited became the “material non-listed Indian subsidiary” of the Company and Dr. Preetinder Singh Joshi, Independent Director of Fortis Healthcare Limited was appointed as an Independent Director on the Board of Fortis Hospitals Limited in terms of clause 49 of Listing Agreement.

The Audit and Risk Management Committee of the Company reviews the financial statements and investments made by the subsidiary companies. The minutes of the Board Meetings as well as the statements of significant transactions and arrangements entered into by the subsidiaries, if any, are placed before the Board of Directors of the Company from time to time.

6. EXECUTIVE CHAIRMAN (ECM) & CFO CERTIFICATION

The ECM & CFO certification as stipulated in the Clause 49 (V) of the Listing Agreement was placed before the Board alongwith financial statements for the year ended March 31, 2014. The Board reviewed and took the same on records. The said certificate has been provided in the Annual Report.

7. GENERAL BODY MEETINGS

The location and time of the General Meetings held during the preceding three years are as follows:

Financial Year	Date	Time	Venue	Special resolution passed
Annual General Meetings				
2010-11	19-09-2011	11.00 A.M.	NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016	<ul style="list-style-type: none"> - Payment of an all inclusive Honorarium to each of the Non-Executive Directors (NEDs) of the Company (present or future) for an amount of ` 7.50 Lacs p.a. and an additional honorarium of ` 2.50 Lacs to such NED who is also Chairman of any Committee(s) of the Board or may so become in future, for a period of 5 years w.e.f. 1st April, 2011; - Approval for proposed "Employee Stock Option Plan – 2011" for the benefit of employees and directors of the Company; - Approval for extending benefits of said "Employee Stock Option Plan – 2011" to the employees and directors of the Holding or Subsidiary Companies.
2011-12	29-09-2012	11:30 A.M.	NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016	<ul style="list-style-type: none"> - Reappointment of Mr. Shivinder Mohan Singh Executive Vice Chairman; - Payment of Remuneration to Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga, Non Executive Directors; - Approval for alternation in "Employee Stock Option Plan – 2011" for the benefit of employees and directors of the Company and also "Fortis Healthcare Limited Employee Welfare Trust" for facilitating the issue, offer and allotment of Stock Options, etc.
2012-13	27-09-2013	11:30 A.M.	PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110016	- No Special Resolution was passed
Extra-ordinary General Meetings.				
2009-10	09-06-2010	10.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Preferential Issue of 2,23,52,940 Equity Shares of ` 10 each, for cash, at a premium of ` 160/- per Equity Share, aggregating upto ` 379,99,99,800/- to M/s Lathe Investment Pte Ltd.

Further, 2 (Two) Extra-ordinary General Meeting(s) were held during the Financial Year 2013-14. At the meeting held on May 24, 2013, special resolution for preferential issue upto 28,610,335 equity shares of Rs. 10 each at a premium of Rs. 89.09 per share was approved and at the meeting held on August 22, 2013, special resolutions for alteration in Articles of Association of the Company and Preferential issue upto 88,55,585 equity shares at a premium of Rs. 89.09 per equity share were approved.

Details of resolution passed by way of Postal Ballot

During the year ended March 31, 2014, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the members of the Company have approved resolution for alteration of Articles of Association of the Company by means of postal ballot. The notice for the same was dated September 27, 2013 and the result was declared at the registered office of the Company at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 on November 21, 2013.

For the conduct of Postal Ballot/E-voting exercise, Mr. Mukesh Manglik, Company Secretary in whole time practice, was appointed as the Scrutinizer.

Summary of the result of the aforementioned Postal Ballot/electronic voting process, announced by Mr. Shivinder Mohan Singh, Executive Vice Chairman of the Company, on November 21, 2013 is as follows:

Item	No. of valid postal ballot forms received	Votes cast in favour of the resolution	Votes against the resolution	No. of invalid postal ballot forms received
Special Resolution for amendment in the Articles of Association of the Company	427 (representing 340,481,936 Equity Shares)	399 (representing 340,474,507 Equity Shares)	28 (representing 7,429 Equity Shares)	1 (representing 350 Equity Shares)

Procedure for Voting by Postal Ballot and E-voting

The Notice of Postal Ballot along with the Explanatory Statement pertaining to the draft Resolution(s) explaining in detail, the material facts alongwith the Postal ballot Form and the self-addressed, postage prepaid business reply envelope, are sent to all the members, under secured mode of Posting/through e-mail. The members were given option to vote either through the Postal Ballot Forms or through e-voting facility.

The members are required to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give their assent or dissent on the resolution(s) at the end of the Form and sign the same as per the specimen signature available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached self-addressed postage prepaid envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose. Postal Ballot Form received after this date, is strictly treated as if the form has not been received from the member.

The scrutinizer appointed for the purpose scrutinizes the postal ballots/e-votes received and submits his report to the Company.

Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders on the specified date. A resolution is deemed to have been passed as special resolution if the votes cast in favour are at least three times than the votes cast against and in case of ordinary resolution, the resolution is deemed to have been passed, if the votes cast in favour are more than the votes cast against.

For the members who opted for e-voting facility, they casted their votes via electronic platform (www.evoting.nsdl.com) of National Securities Depository Limited (NSDL). A clear 30 (Thirty) days time was given to such members to e-vote / send their reply.

Further, presently, no resolution is proposed to be passed through Postal Ballot at ensuing AGM.

8. DISCLOSURES

Related Parties Transactions

The details of transactions with related parties or others, if any, as prescribed in the Listing Agreement, are placed before the Audit and Risk Management Committee periodically.

In the cases of material transaction the same are pursued under direct guidance of the Audit and Risk Management Committee with appropriate disclosures and safeguards being implemented to isolate the conflict. Where required, independent Advisory Committees are constituted and external expert opinion sought for Board consideration.

Accounting Treatment

While in the preparation of financial statements, no treatment different from that prescribed in an Accounting Standards has been followed.

Utilization of Proceeds from Issues

The proceeds from the Initial Public Offering (IPO), Rights Issue of Equity Shares with detachable warrants, allotment made through Institutional Placement Programme, Preferential Allotments and issue of Foreign Currency Convertible Bonds have been utilized as per the objects of the respective issue and details of the same are placed before the Audit and Risk Management Committee periodically for its review.

Compliances by the Company

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI and other statutory authorities relating to the above.

Corporate Governance Voluntary Guidelines, 2009

The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines 2009. These Guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of stakeholders' confidence which is crucial to ensure the long-term sustainability and value generation by business. The guidelines broadly focuses on areas such as Board of Directors, responsibilities of the Board, audit committee functions, roles and responsibilities, appointment of auditors, Compliance with Secretarial Standards and a mechanism for whistle blower support.

As a front runner in Corporate Governance in India, the Company's policies and practices embrace some of the elements of the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs. The Company continues to evaluate its Corporate Governance parameters in the context of the other recommendations under the said Guidelines for appropriate adoption in keeping with the Company's business model, in due course of time.

9. MANAGEMENT

During the year under review, no material financial and commercial transaction has been entered by Senior Management personnel, where they have any personal interest that may have potential conflict with the Company at large. The Company has obtained requisite declarations from all Senior Management Personnel in this regard and the same were duly placed before the Board of Directors on periodic basis.

10. INVESTOR RELATIONS - BOOSTING INVESTOR CONFIDENCE

The Company recognizes the need and importance of a proactive and efficient Investor Relations (IR) function in the current business landscape. Given the dynamic nature of the present economic environment, the complexities of the industry we operate in and the larger size and scale of our business which now encompasses a number of geographies and healthcare verticals, the requirement to constantly communicate and update the investment community has become imperative.

The Company's Investor Relations function endeavors to be in a continuous dialogue with existing and potential shareholders and other market participants viz. sell side and buy side analysts, fund managers, equity sales and other shareholders in order to apprise them of the Company's strategy, financial and operational parameters. It seeks to provide timely, accurate and relevant information on the various facets of the Company's performance so as to enable investors to take informed decisions on their investment options. While creating a better understanding of the Company's businesses, a to and fro interaction also provides a channel to take feedback from the investors, allay any concerns and provide the Company management with a perspective from the investment community.

The IR function uses a number of mediums for investor interactions which include periodical quarterly earning calls, participation at international and domestic investor forums, direct one to one meetings and conference calls, press releases, healthcare field trips, etc. so as to reach out and effectively communicate with the investment community.

11. WHISTLE BLOWER POLICY

The Company strongly supports and strives to provide a structured platform via Whistle Blower Policy for reporting of instances of alleged wrongful conduct or gross waste or misappropriation of funds including instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. Through this Policy, the Company seeks to provide a procedure for all the employees of the Company to disclose any unethical and improper practice taking place in the Company for appropriate action and reporting. It protects employees, officers and directors who in, good faith, raise a concern about irregularities within the Company.

12. CORPORATE ETHICS

As a responsible corporate citizen, the Company has adopted and seeks to follow a lead standard of corporate ethics in both business and corporate interactions. These standards are embodied under its various operational policies, which provide the foundation and act as guiding principles in pursuing business objectives. These policies and guidelines are subject to periodical review and amongst others include:

- a) Position paper on "Independence of Statutory Auditors"
- b) Whistle Blower Policy
- c) Risk Management Policy
- d) Foreign Exchange Risk Management Policy
- e) Global Authority Matrix Policy
- f) Prevention of Sexual Harassment Policy

Code of Conduct and Prohibition on Insider Trading

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Company has instituted a comprehensive Code of Conduct for its Management and Staff. The Code lays down the guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

13. MEANS OF COMMUNICATION

- a) **Quarterly Results:** The quarterly financial results are generally published in Business Standard (English and Hindi Editions).
- b) **Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website viz. www.fortishealthcare.com
- c) **News Release, Presentations:** The Company also makes a presentation to the investors and analysts after taking on record the quarterly results by the Company. The press releases/official news, detailed presentation made to media, analysts, institutional investors, etc. are displayed on the Company's website. Official Media Releases are also sent to the stock exchanges before dissemination to the media.
- d) **Intimation to the Stock Exchanges:** The Company intimates the Stock Exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the Investors.

14. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

(i) Date of AGM

The Annual General Meeting is proposed to be held on **Wednesday, September 24, 2014 at 11.30 a.m. at PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110016.**

Posting of Annual Report : On or before August 30, 2014

Last date of receipt of Proxy Form : 48 hours before the Annual General Meeting.

(ii) The Financial Year of the Company is starting from April 1 and ending on March 31 of next year.

(iii) Financial Calendar 2014-2015 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or Before)
1.	Financial Reporting for the quarter ending June 30, 2014	August 14, 2014
2.	Financial Reporting for the quarter ending September 30, 2014	November 14, 2014
3.	Financial Reporting for the quarter ending December 31, 2014	February 14, 2015
4.	Financial Reporting for the quarter ending March 31, 2015*	May 15, 2015
5.	Annual General Meeting for the year ending March 31, 2015	On or before September 30, 2015

*As provided in Clause 41 of Listing Agreement, Board may also consider submission of Audited Financial Results for the year 2014-15 in lieu of Unaudited Financial Results for the fourth quarter, on or before May 30, 2015 (or such other period as may be stipulated from time to time).

(iv) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from, **Monday, September 22, 2014 to Wednesday, September 24, 2014** (both days inclusive).

(v) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

- National Stock Exchange of India Limited (NSE), Bandra Kurla Complex, Bandra (E), Mumbai-400051
- The BSE Limited, PJ Tower, Dalal Street, Fort, Mumbai-400001

The Foreign Currency Convertible Bonds of the Company are listed on “Bourse de Luxembourg” (Luxembourg Stock Exchange) and are admitted to trading on the EURO MTF market of the Stock Exchange.

Further Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 30 Million are listed on Singapore Exchange Securities Trading Limited at Singapore Exchange.

The Company has paid listing fees to all the above stock exchanges and there is no outstanding payment as on date.

(vi) Stock Code of Equity Shares / FCCB's

Trade Symbol at National Stock Exchange of India Limited is FORTIS.

Scrip Code at BSE Limited is 532843

ISIN for Equity INE061F01013

For FCCB listed on Luxembourg Stock Exchange -

ISIN: XS0508392817 and Common code: 050839281

For FCCB listed on Singapore Exchange -

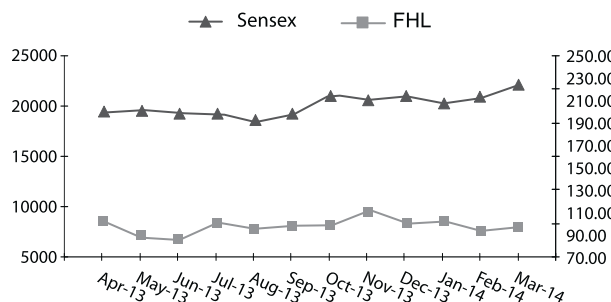
ISIN- XS0955815443 and Common code: 095581544

(vii) Stock Market Data

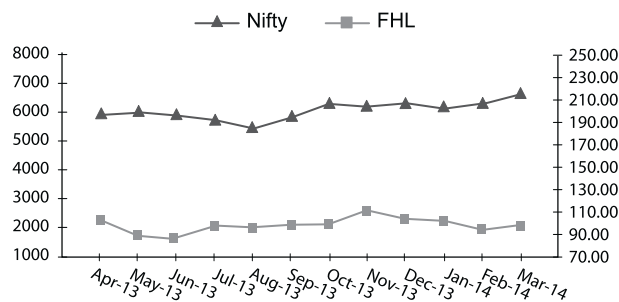
The Company's shares are among the actively traded shares on NSE & BSE. The monthly high and low of share prices of the Company during the Financial Year and comparison with broad-based indices, viz. BSE Sensex and NSE Nifty is as follows.

Month	Share Price (₹) at BSE		Share Price (₹) at NSE	
	High	Low	High	Low
April 2013	105.35	96.05	105.40	96.10
May 2013	106.95	87.10	106.80	87.10
June 2013	93.65	84.00	93.90	83.55
July 2013	103.30	84.05	103.45	84.10
August 2013	100.65	93.05	100.75	92.95
September 2013	100.40	93.70	100.35	93.30
October 2013	111.25	96.75	111.40	96.65
November 2013	114.55	97.25	114.45	97.50
December 2013	110.30	101.20	110.40	101.50
January 2014	104.35	96.05	104.40	96.05
February 2014	105.50	93.65	105.45	93.80
March 2014	100.00	93.10	100.20	93.10

Stock Price Performance-FHL Vs. BSE Sensex



Stock Price Performance-FHL Vs. Nifty



(viii) Registrar and Transfer Agent

Karvy Computershare Private Limited is acting as Registrar and Transfer Agent (RTA) for handling the shares related matters both in physical as well as dematerialized mode. All work relating to equity shares are being handled by them. The Shareholders are therefore, advised to send all their correspondence directly to the RTA. The address for communication is:

Karvy Computershare Private Limited
Plot No. 17 to 24, Vithalrao Nagar, Madhapur,
Hyderabad - 500081
Tel.: 040 – 23420818 - 825; Fax: 040 - 23420814
Email: Varghese@karvy.com
Website: www.karvycomputershare.com

However, for the convenience of shareholders, correspondence relating to shares received by the Company is forwarded to the RTA for necessary action thereon.

(ix) Nomination Facility

The shareholders holding shares in physical form may, if they so want, send their nomination(s), as per Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, in form SH-13, which can be obtained from the Company's RTA or downloaded from the Company's website www.fortishealthcare.com. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

As on March 31, 2014, 46,18,46,681 Equity shares representing 99.80% of the paid up Equity Capital of the Company have been de-materialized.

The Company's Equity shares have been allotted ISIN (INE061F01013) by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest, as the Company's Shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only.

(xi) Elimination of Duplicate Mailing

The shareholders who are holding Shares in more than one folio in identical name or in joint holders' name in similar order, may send the share certificate(s) along with request for consolidation of holding in one folio to avoid mailing of multiple Annual Reports.

(xii) Share Transfer System

The Company's share transfer authority has been delegated to the officials of the Company. The delegated authority(ies) attend the share transfer formalities on weekly basis to expedite all matters relating to transfer, transmission, transposition, split and re-materialization of shares and taking on record status of redressal of Investors' Grievance, etc., if any. The share certificate received by the Company/ RTA for registration of transfers, are processed by RTA (on a weekly basis) and transferred expeditiously and the endorsed Share Certificate(s) are returned to the shareholder(s) by registered post.

As per the requirements of clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

(xiii) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was carried out by a Practicing Company Secretary for each of the quarter in the financial year 2013-14, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The Audit Report for each quarter of the Financial Year ended March 31, 2014, has been filed with Stock Exchanges within one month of end of the respective quarter.

(xiv) Demat Suspense Account as per Amended Clause 5A of the Listing Agreement:

Pursuant to the insertion of Clause 5A in the Listing Agreement, the Company has opened a Demat Suspense Account - "Fortis Healthcare Limited IPO Suspense Account" and other information as required under amended Clause 5A of the Listing Agreement is as follows:

- i. Aggregate Number of the Shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 01, 2013: 53 shareholders and 5,122 shares.
- ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: 2 shareholders (120 Shares).
- iii. Number of shareholders to whom shares were transferred from suspense account during the year: 2 shareholders.
- iv. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2014: 51 Shareholders and 5,002 shares.

The voting rights of these shares shall remain frozen till the rightful owners of such shares claim the subject shares. The details of the shares that have not been credited to Demat Account and are lying in "Fortis Healthcare Limited IPO Suspense Account" can be viewed at Investor Section on the Company's website www.fortishealthcare.com and the concerned persons are requested to apply to the Company/RTA with requisite documents for transfer of shares to their Demat Account.

Further, as required under Clause 5A.II of the Listing Agreement, as on March 31, 2014, no share in physical form remains unclaimed.

(xv) Transfer of unclaimed/unpaid amounts to Investor Education and Protection Fund (IEPF):

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/ unpaid application money (₹ 8,09,988/-) lying in "FORTIS HEALTHCARE LIMITED IPO Refund Account" remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the IEPF established by the Central Government. Now no claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

The Company as on date is having no due towards refund of application money from applicants.

(xvi) Share Dematerialization System

The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

(xvii) Distribution of Shareholding as on March 31, 2014

Number of equity shares held	No. of Share-Holders	% age of Share-Holders	Amount (in ₹)	(%) to Total
Upto 2,500	94,322	82.09	75,053,330	1.62
2,501 to 5,000	12,596	10.96	47,269,380	1.02
5,001 to 10,000	4,435	3.86	35,658,030	0.77
10,001 to 20,000	1,898	1.65	28,854,980	0.62
20,001 to 30,000	579	0.50	14,946,770	0.32
30,001 to 40,000	240	0.21	8,633,580	0.19
40,001 to 50,000	235	0.20	11,124,140	0.24
50,001 to 1,00,000	297	0.26	22,273,360	0.48
1,00,001 and above	305	0.27	4,384,049,570	94.73
Total	114,907	100.00	4,627,863,140	100.00

(xviii) Shareholding Pattern as on March 31, 2014

S. No.	Category	Number of Shareholders	No. of Shares held	% of Shareholding
A.	Promoters and Promoter Group	9	330,153,948	71.34
B.	Public Shareholding	-	-	-
1.	Banks / Financial Institutions	8	1,395,735	00.30
2.	UTI, Mutual Funds & Insurance Cos.	3	2,238,150	00.48
3.	FII's/Foreign Investors	71	72,281,412	15.62
4.	Domestic Companies	1,234	22,785,978	04.92
5.	Non-Resident Indians	1,359	1,079,454	00.23
6.	Indian Public	112,223	32,851,637	7.10
Total		114,907	462,786,314	100.00

(xix) Lock-in of Equity shares

As on March 31, 2014, 25,793,949 Equity shares of the Company were under lock-in.

(xx) Employee Stock Options

Employee Stock Option Plan 2007: The Company has in place the Employee Stock Option Plan 2007, under which a permanent employee of the Company or its Subsidiaries, whether working in India or abroad, and Directors of the Issuer and the Subsidiaries (other than an employee who is a Promoter or part of the Promoter Group, or a Director who directly or indirectly holds more than ten per cent of the outstanding equity share capital of the Issuer) are eligible for stock options. The grant of these options to eligible employees shall not exceed one percent of the issued and subscribed equity share capital of the Issuer at the time that the options were granted to such employees.

Employee Stock Option Plan 2011: The Company has also in place Employee Stock Option Plan 2011, whereunder Permanent Employees and Directors of the Company and of its holding or of its subsidiary company(ies) are eligible (excluding the employee who is either promoter or belong to the Promoter Group, as defined in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI (ESOP) Guidelines"),

and the Director who either by himself or through his/her relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company) for the grant of stock options, as may be determined by the Nomination And remuneration Committee in line with designated rules. The total number of options to be granted under this Plan shall not exceed 3% of the total Paid up Equity Share Capital of the Company as on August 12, 2011, i.e., 12,154,825 options (3% of 405,160,815 Equity Shares). The maximum number of options to be granted to each employee shall not exceed 1% of the issued equity share capital of the Company (excluding outstanding warrants and conversion) as on the date of grant of options.

The “Employee Stock Option Plan 2011” was amended in the Annual General Meeting held on September 29, 2012 by way of Special Resolution to make a provision for formulation of “Fortis Healthcare Welfare Trust” to administer and implement the revised ESOP scheme.

Detailed information relating to ESOPs, has been given as an annexure to the Directors’ Report.

(xxi)Hospital Unit(s)/Location(s)

Fortis Healthcare Limited with their subsidiaries provides healthcare services in Delhi-NCR, Chennai, Bangalore, Punjab, Dehradun, Jaipur and other cities.

- Fortis Hospital, Mohali
Sector-62, Phase-VIII, SAS Nagar, Mohali, Punjab-160062.
- Fortis Hospital, Kangra
Vill. Birta, Post office Ghurkari, Tehsil & Distt. Kangra, Himachal Pradesh -176001.
- Fortis Hospital, Arcot Road, Chennai
Kochar PSS Tower, S-7, Arcot Road, Vadapalani, Chennai, 600026
- Fortis Hospital
A Block, Shalimar Bagh, Near Kela Godown, New Delhi-110088
- Fortis-Escorts Hospital
2nd Floor, Coronation Hospital, Curzon Road, Dehradun - 248001

(xxii)Address for Correspondence:

For share transfer/ dematerialization of shares, payment of dividend and any other query relating to shares:

Karvy Computershare Private Limited
Plot No. 17 to 24, Vithalrao Nagar, Madhapur,
Hyderabad – 500081
Tel.: 040-23420818 - 825 Fax: 040 - 23420814
Email: Varghese@karvy.com
Website: www.karvycomputershare.com

For Investor Assistance

The Company Secretary,
Fortis Healthcare Limited
Escorts Heart Institute and Research Centre,
Okhla Road, New Delhi 110025
Tel.: +91 11 2682 5000 Fax: +91 11 4162 8435
Email: secretarial@fortishealthcare.com
Website: www.fortishealthcare.com

15. NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

A. Board of Directors Governance Standards

On May 1, 2010, the Board adopted Standards for its Governance, named as “Board Governance Standards” formulating therein the standards relating to its composition, its responsibilities, expectations from Board Members, tenure of Board Members, compensation, board evaluation and training, Director’s orientation and education, etc. A copy of the said Governance Standard is also available on our website www.fortishealthcare.com.

B. Remuneration Committee

The Board of Directors has constituted a Nomination and Remuneration Committee (NRC), of which majority is composed of independent Directors. The details of NRC and its powers have already been discussed in this report.

C. Shareholders Rights

The quarterly/ half-yearly results in the prescribed performa are published in leading English and Hindi dailies. The results are also made available on Company’s website viz. www.fortishealthcare.com.

16. GO GREEN INITIATIVE

- (a) The shareholders having shares in physical form are requested to register their e-mail ids with us or our Registrar, at the address given elsewhere in this report, to enable us to serve any document, notice, communication, annual report, etc. through e-mail.
- (b) The shareholders holding shares in Demat form are requested to register their e-mail id with their respective Depository Participant for the above purpose.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Fortis Code of Conduct for the financial year ended March 31, 2014.

August 07, 2014
New Delhi

Sd/-
Malvinder Mohan Singh
Executive Chairman

Executive Chairman and GCFO Certificate

To the Members of
Audit, Risk and Controls Committee and Board of Directors of
Fortis Healthcare Limited

We, Malvinder Mohan Singh, Executive Chairman and Sandeep Puri, Group Chief Financial Officer, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2014 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee that:
 - (i) there has not been any significant change in internal control over financial reporting during the year under reference;
 - (ii) there has not been any significant change in accounting policies except to the extent already disclosed in the financial statement(s); and
 - (iii) there was no instance of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Gurgaon
Date : May 29, 2014

Malvinder Mohan Singh
Executive Chairman

Sandeep Puri
Group Chief Financial Officer

Certificate on Corporate Governance

To,

The Members

Fortis Healthcare Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Fortis Healthcare Limited, for the Financial Year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Sanjay Grover & Associates**
Company Secretaries

Date : August 07, 2014
Place : New Delhi

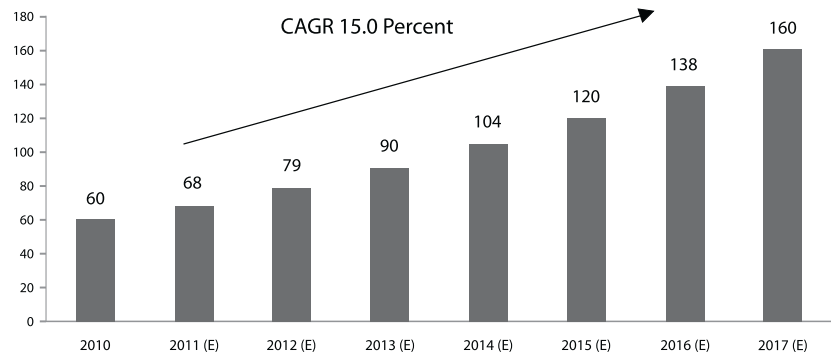
Sanjay Grover
C.P. No. 3850

Management Discussion and Analysis Report

Indian Healthcare Sector: An Overview

Indian Healthcare is one of the largest sectors in the Indian economy both in terms of revenues and employment. Contributing approximately 4% to the country's Gross Domestic Product (GDP), the sector was valued at an estimated USD 90 billion in the last financial year. It is expected to continue to grow at a CAGR of 15 per cent through 2017 to reach USD 160 billion. The growth in population, increase in lifestyle related diseases, rising purchasing power of the middle class and higher awareness of chronic illnesses will be the key growth drivers for the sector.

Indian Healthcare Industry Market Size (USD Billion)



Source: Frost & Sullivan Analysis

Total healthcare expenditure in India was close to 4% of GDP, compared to 9% for Brazil, 6.5% for Russia and 5% for China. Out of this, out-of-pocket expenditure was 61%, with only 25% of Indians being covered by health insurance of which the share of private insurance was only 5%. This is not to imply that progress has not been made during the last decade. A substantial part of the growth in the sector has come from private healthcare investments.

India is facing unprecedented pressure due to the poor reach of quality healthcare to millions of its citizens because of issues related to access and affordability. This is compounded as a result of shortages of workforce and infrastructure. India has a ratio of 0.7 doctors, 1.5 nurses and 1.3 beds per 1,000 people (Mc Kinsey Report 2013, WHO) compared to the WHO average of 2.5 doctors & nurses and 3.5 beds per 1,000 people. The projected density of doctors, nurses and beds clearly connotes a large demand-supply gap in the Indian health care industry, thus providing a huge untapped potential for healthcare providers. To meet the growing demand for healthcare services in the country, India needs an additional 2.6 million beds, 1.54 million doctors and 2.4 million nurses.

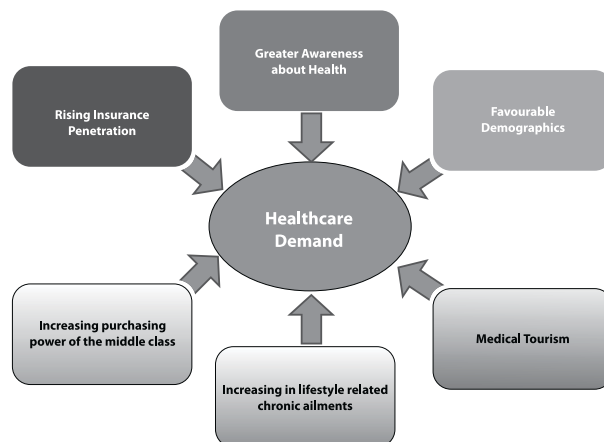
The Indian private healthcare sector is highly fragmented with approximately 90% of the hospitals being established and operated by doctors and trusts and the remainder being corporate hospitals (chain of hospitals run by professional healthcare groups). Most of the private hospitals are usually small scale establishments (50-100 beds) that are managed as standalone entities.

Corporate hospital chains have been playing a key role in driving expansion and growth in the industry. So far, corporate hospitals have mostly concentrated on expansion in Tier I cities (including metros) with large scale multi-specialty tertiary care facilities. Given the high capital expenditure requirements, increasing cost of real estate acquisition and longer pay back period for expansions that impacts return ratios, companies are exploring new business models, that require lower investment, generate optimal returns sooner and also help expand geographical reach.

While tier II and tier III markets are largely underserved & provide significant opportunity for large private healthcare service players to address the need for multi-specialty tertiary care hospitals in these markets, expansion in these cities has its own challenges and roadblocks such as low availability of specialty doctors/nurses/paramedical staff, inadequate medical infrastructure and difficult market practices. The ability to retain physicians with attractive compensation is the key driver for success

of hospitals in Tier II/III cities. Another challenge is the economics of the smaller cities with low paying power and large population under government healthcare insurance schemes, which results in lower revenue per operating bed (ARPOB).

KEY GROWTH DRIVERS



Favourable Demographics of the India Population: Rising income levels and urbanization, a growing middle aged population, a shift in disease profile toward lifestyle related ailments and increased penetration of health insurance are driving strong demand for Indian healthcare delivery services.

- India is expected to witness a demographic shift with the population in over 30 years age bracket increasing from 71% in 2012 to 77% in 2026E. In addition, India's population above 45 years of age is expected to increase from 22% of total population in 2012 to 26% by 2021E. This segment of population would have greater requirement for healthcare services.
- As income levels in India rise, proportion of spend on healthcare (as % of total consumer discretionary spend) is also expected to increase from 7% of total expenditure in 2005 to 13% by 2025E.
- The no of middle/Upper income households are expected to increased 4x over 2010-2020, as per McKinsey Global Institute (MGI). This will shift consumption from necessities to needs such as healthcare.

Rise in lifestyle related diseases: Though India has been able to control diseases like polio, leprosy and tetanus; it has to now face a new breed of lifestyle related diseases like diabetes, obesity, cancer and cardiovascular ailments. The present generation which is accustomed to sedentary work, alcohol consumption and smoking are more prone to such lifestyle related diseases.

- According to World Health Statistics 2012, about 61.3 million people in India are diabetic amongst which 11% of male population and 10.8% of the female population have shown a significant rise in blood glucose.
- Similarly, as per National Family Health Survey (NFHS) about 13% of the female population and 11% of the male population in India is obese.
- Further, India had nearly 3.5 million cancer patients in 2013. More than a million patients are diagnosed with cancer every year. The WHO estimates the annual cancer incidence to go up to 1.2 million cases by 2016.
- An estimated 15.0-20.0% of Indian couples are affected by infertility. This is currently catered to by a limited number of private centres that provide complete infertility care services. This indicates the potential for offering such services in an institutional setting.

Higher health insurance penetration to help improve affordability: Health insurance penetration in India is estimated to be ~25% of the population. Rising income levels, emergence of lifestyle ailments and inflationary healthcare costs will drive increased demand for health insurance & as a result, demand for quality healthcare delivery services, at affordable prices.

Underserved market provides huge demand for healthcare services: The current healthcare infrastructure in India is inadequate to meet the growing demand for healthcare services. Private sector has added nearly 70% of the new beds commissioned over the last decade. In addition, while India's share in global disease burden is 20%, its share of healthcare infrastructure is much lower with only 6% share of global hospital beds and 8% share of doctors and nursing staff.

Medical Tourism: A growth opportunity: India is emerging as one of the destinations for elective and critical treatment for citizens of other nations given the lower cost, availability of skilled doctors/nursing staff, sophisticated medical technology and infection control processes without the long waiting period of the developed countries. Due to these factors, medical tourism has great potential for healthcare service providers in India.

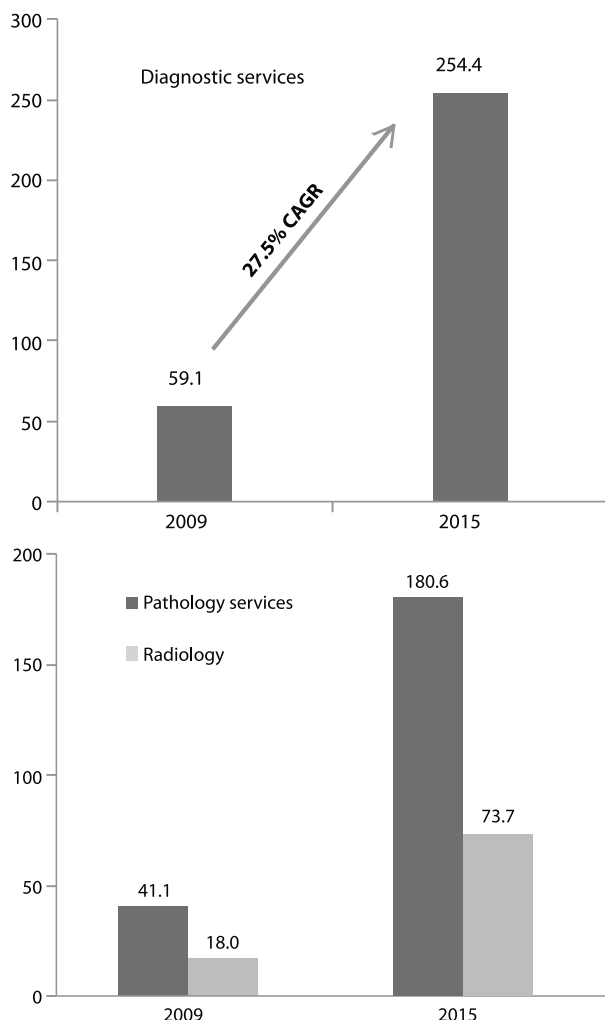
Currently, Medical tourism in India is a ` 75 billion industry and is expected to touch ` 120 billion by 2015 (implied CAGR of 25%) with the inflow of medical tourists likely to cross 1.5 million by 2015 from the current level of approximately 1 million.

Healthcare: Key focus area in 12th Five Year Plan (2012-17): The Planning Commission has allocated USD55 billion under the 12th Five-Year Plan to the Ministry of Health and Family Welfare, which is about three times the actual expenditure under the 11th Five-Year Plan. The share of healthcare is set to rise to 2.5 per cent of GDP in the 12th Plan from 0.9 per cent in the 11th Plan. The plan focusses on providing universal healthcare, strengthening healthcare infrastructure, promoting R&D and enacting strong regulation for the healthcare sector.

INDIAN DIAGNOSTIC INDUSTRY

The Indian Diagnostics market is largely unregulated and highly fragmented contributing approximately 3.6% to the overall healthcare market in India. It comprises primarily of clinical pathology, imaging and radiology. The sector in India is expected to grow at a CAGR of 28% to approximately ` 254 billion by 2015. The pathology and imaging and radiology segments are expected to grow to approximately ` 180 billion at a CAGR of 28% and ` 74 billion at a CAGR of 27%, respectively. This growth will primarily be driven by factors including rise in the number of middle-class households, increase in healthcare spending, growing disease prevalence, higher awareness of preventive health checkups, expansion of diagnostic lab service providers in tier-II and -III cities, and large private investments in the sector. Further, it is estimated that diagnostic test results impact between 60.0% - 70.0% of medical treatment decisions and hence form an essential element in the delivery of effective healthcare services.

Projected Growth in Diagnostic Services: Pathology and Radiology Markets (INR Billion)



(Source: ICRA Management Consulting Services Limited Analysis, Indian Diagnostic Services Market Report, January 2011.)

The diagnostics market in India is described as having two segments—the organized market and the unorganized market. The unorganized market includes a staggering 30,000 to 40,000 laboratories, which are not necessarily owned by a pathologist or doctoral laboratory scientist. The organized segment is significantly smaller with centers numbered in the hundreds. Only a few of the laboratories in this sector are performing complex /esoteric tests.

With rising awareness for healthcare, demand for good quality diagnostics has grown as well, and customers prefer to partner with laboratories demonstrating high levels of accuracy and service. The other major change has come through advances in technology and automation of equipment, resulting in reduced turn-around time for reports and providing quicker diagnosis. The focus is on convenience to customers, be it through all varieties of tests processed in India, home health services, using technology for result communication or providing a network of collection centres for easier access.

The industry is witnessing new trends which are expected to create substantial changes in its landscape in the coming years. With more information and awareness, preventive healthcare and self-monitoring are becoming more popular. The business model has expanded beyond diagnostic tests to offering wellness solutions including services like dentistry and nutritional guidance under one roof. This trend however, is yet to reach Tier-II, Tier-III cities, small towns and rural areas where health awareness is minimal. Various government bodies and NGOs are engaged in enhancing the awareness level of people living in smaller townships. However, lack of sufficient manpower as well as infrastructure limits the success of these programmes.

In terms of challenges, absence of proper regulatory framework and weak accreditation system are the major industry roadblocks that may hinder the future growth of the diagnostic industry. There are several accreditation bodies that are involved in the accreditation of laboratories as per international standards like NABL accreditation, CAP accreditation, and ISO certification, but none of them are mandatory. The only requirement to open a diagnostic lab is the need for registration under the Shop and Establishment Act. This leaves the market highly unorganized, prying it open for competition from players who offer poor quality services at low costs, making the market volatile and price sensitive.

Furthermore, the Indian diagnostic industry is being looked upon by the developed world as an outsourcing market for high-end laboratory and

diagnostic testing. Specialized tests such as molecular diagnostics and hormone related diagnostics are about 70-80% cheaper than in the US. Diagnostic majors are already partnering with American and British hospitals, as well as insurance companies, for the same. Indian CROs (contract research organizations) are providing an opportunity for diagnostic majors to tap into the global market for clinical trials. India is becoming a preferred destination for clinical trials due to its large pool of proficient medical and paramedical professionals, cost advantages, and a huge pool of patients.

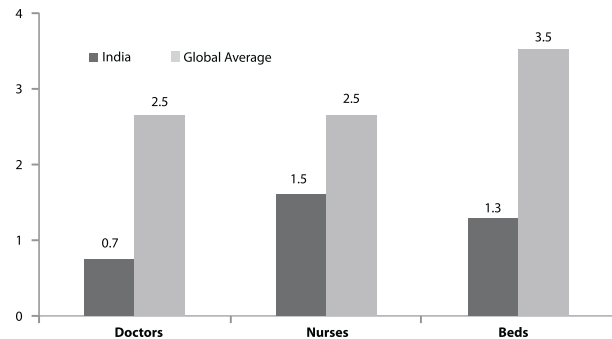
During the past 5 years, India has witnessed large sums of capital being invested in segments spanning medical devices, affordable healthcare and diagnostic services. Much of this investment has been in response to the growing demand for healthcare facilities across the country. According to a survey conducted in April-May 2009, across 60 private equity and venture capital firms, the most attractive sector for investment across the healthcare industry was identified as Diagnostic services, followed by medical devices/equipment.

Continued investments will provide impetus for growth, despite related issues and challenges. In the coming years, it is anticipated that effective regulation and accreditation will further strengthen the foundations of the Indian diagnostic industry.

KEY CHALLENGES

Healthcare workforce remains inadequate: India has a ratio of 0.7 doctors, 1.5 nurses and 1.3 beds per 1,000 people compared to the WHO average of 2.5 doctors & nurses and 3.5 beds per 1,000 people. The shortage of qualified professionals is one of the key challenges for the Indian Healthcare Industry. The situation is aggravated by the concentration of medical professionals in urban areas. Many Indians, especially those living in rural and semi urban areas, are still receiving services from unqualified providers. The Industry needs an additional 1.54 million doctors and 2.4 million nurses to match the global averages. Furthermore, there is an acute shortage of paramedical and administrative professionals in the country.

Density of Healthcare professionals and infrastructure in India Vs the Global Average per 1,000 population



Source: World health statistics, WHO 2013

Inadequate number of Public Private Partnerships (PPP): The Public Private Partnership (PPP) model is yet to gather momentum. If the PPP model is implemented widely it can enhance the quality of health care services in the country as the healthcare infrastructure can be provided by the government and management skills can be provided by the private sector. Such initiatives will enhance the quality of healthcare services at affordable price points.

Long gestation period and capital intensive nature of the sector: The healthcare sector is capital intensive with long gestation and payback periods for new projects. Land and infrastructure costs account for 60-70% of the capital expenditure in case of hospitals. Further, the business also requires capital for upgradation/ maintenance / replacement of equipment and expansion. Therefore, availability of capital at a reasonable cost remains a key challenge for the industry.

Rising real estate costs: One of the key constraints in expansion for the private sector is the high cost of real estate. Over the last few years, land cost has risen and the land acquisition process has only become more complex with increasing regulations, making projects in many large city locations, unviable. Hospitals are looking to mitigate this by shifting to a rent model or looking at other alternatives which could provide asset light growth & expansion opportunities.

OUTLOOK

The Indian Healthcare delivery segment provides a robust growth opportunity for private healthcare organisations given the increase in lifestyle related diseases, demographic changes and rising awareness levels. A continuing lack of adequate healthcare infrastructure and limited access to quality healthcare delivery services will result in private players playing a larger role in bridging the demand supply gap in the industry. Healthcare Companies will continue to explore various options and business models in order to expand their presence both from a geographic and a therapeutic segment perspective.

Given the capital intensive nature of the business, organisations will endeavor to look actively at various funding options including private equity and other avenues of capital availability. While shortage of healthcare professional will remain a challenge, the companies that have an established brand name will continue to attract and retain the best available talent pool. With the public healthcare system being inadequate to address the population's healthcare needs, PPP models would have to gain momentum in order to garner higher private participation and provide the much needed access and quality healthcare services to the population.

THE COMPANY

Fortis Healthcare is one of the leading healthcare delivery providers in Asia. Founded by the iconic Indian business leader, the Late Dr. Parvinder Singh, architect of growth at Ranbaxy Laboratories, Fortis is a manifestation of his vision "to create a world-class integrated healthcare delivery system in India, entailing the finest medical skills combined with compassionate patient care". Fortis aspires to remain a leader in the healthcare delivery space and is driven by the larger purpose of "*SAVING AND ENRICHING LIVES*" through clinical excellence.

Fortis commissioned its first hospital in 2001 in North India and, in just over a decade, has grown to become a leading healthcare service provider with a presence in day care specialty, diagnostics and tertiary and quaternary care. As of March 31, 2014,

the company had a network of 66 healthcare facilities (including projects under development), with over 4,800 operational beds¹ and the potential to reach over 10,000 beds. Its inpatient healthcare facilities are situated in India, Singapore and Mauritius.

In India, the Company is one of the largest private healthcare chains comprising a network of 63 healthcare facilities, including 37 operating facilities, 20 satellite and heart command centres located in public and private hospitals and 6 healthcare facility projects which are under development or are greenfield land sites. In addition, its Indian diagnostics business has a presence in over 450 cities and towns, with an established strength of 281 laboratories including 141 self-operated laboratories², 31 laboratories located in Fortis healthcare facilities, 21 wellness centres and 3 international laboratories. It also has over 5,800 collection points, which includes 48 collection centers that are owned and 48 collection centres at locations outside India.

The Company's healthcare facilities use advanced technology and its doctors, nurses and other healthcare professionals follow treatment protocols that parallel international standards. A majority of the healthcare facilities provide secondary, tertiary and quaternary healthcare services to patients in cardiac care, orthopaedics, neurosciences, oncology, renal care, metabolic diseases care and mother and child care. The Company has also developed certain healthcare facilities around some of these specialties, which it internally classifies as "Centres of Excellence".

Highlights of 2013-14

Fund Raising

During the year, the company successfully raised over ₹ 10 billion through a series of fund raising exercises (IPP, FCCBs & Preference Allotment). Following fund raising exercises were done:

- **Institutional Placement Programme:** In May 2013, the Issue Committee of the Board of Directors of the Company allotted 34,993,030 equity shares of the Company at an issue price of ₹ 92 per equity share, aggregating

¹ Includes beds at owned, operated, leased and managed facilities and 350 beds of Lanka Hospitals, an associate of the Company

² Includes 13 wellness centres within these laboratories.

to ₹ 3,219.4 million, under the institutional placement programme (IPP) undertaken by the Company. With this the company has met the minimum public shareholding requirements as per the regulatory norms.

- **IFC Preference Allotment and FCCB issue:** In June 2013, the Issue Committee of the Board of Directors of the Company allotted 18,833,700 equity shares of the Company to International Finance Corporation, on a preferential basis, at an issue price of ₹ 99.09 per equity share, aggregating to ₹ 1,866.2 million. Further, in June 2013, the company allotted 550 Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each to International Finance Corporation (IFC), on a preferential basis, at an issue price of USD 100,000 per FCCB, aggregating to USD 55 million. With the allotment of FCCBs coupled with the preferential allotment of equity shares and its participation in the Institutional Placement Programme (IPP), International Finance Corporation has made a total investment of USD 100 million.
- **Issue of USD 30 million FCCB:** In August 2013, the company successfully launched and concluded the issue of its FCCBs amounting USD 30 million, which was listed on Singapore Stock Exchange. The conversion price of the FCCBs is ₹ 99.09 per Equity Share of the company.
- **Preferential allotment to SCPE:** In September 2013, the company issued 3.74 mn equity shares to Standard Chartered Private Equity Limited, for an aggregate consideration of ₹ 37 Cr, on a preferential basis.

Divestments

Starting December 2012, the company realigned its resources and priorities in verticals and markets where it believed the opportunity for growth is stronger given the demand supply equation in terms of healthcare services & infrastructure. To this effect, the company in the year gone by took the strategic decision to divest its international assets. Following divestments were executed during the year gone by.

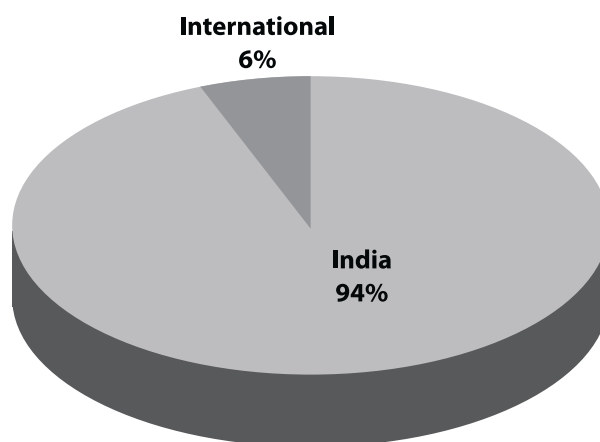
- **Dental Corporation divestment:** In May 2013, Fortis Healthcare International Pte Ltd,

a subsidiary of Fortis Healthcare Ltd (Fortis Healthcare) divested its 64% stake in Dental Corporation Holdings Ltd (DC), Australia, to Bupa, for a consideration of Aus \$ 276 Mn.

- **Quality Healthcare Divestment:** In October 2013, Fortis Healthcare Ltd sold its 100% stake in Altai Investments Limited, the holding company for Quality Healthcare (QH), Hong Kong, to Bupa, for USD 365million.
- **Fortis Hoan My Divestment:** In August 2013, the company divested its entire stake in the hospital business segment in Vietnam i.e. Fortis Hoan My Medical Corporation ("Hoan My") to Chandler Corporation for an aggregate consideration of USD 80 mn.

With the above divestments, the company has exited most of its overseas businesses. Currently, the India business comprises 94% of the overall revenues of the company (basis Q4FY14 financials). Basis these divestments and fund raising programs executed during the year, the company strengthened its balance sheet with a net debt of ₹ 843 Cr as of 31 March 2014 compared to a net debt of ₹ 5,771 Cr as of 31 March 2013; representing a net debt to equity of 0.17x compared to 1.1x as on 31 March 2013.

Fortis's Geographic Presence (based on Q4FY14 financials)



India Hospital Business

During the year, the company launched two new facilities i.e. FMRI, Gurgaon (450 beds) and Fortis Ludhiana (260 beds); coupled with a few brownfield

bed additions taking the total number of beds added to existing capacity of approx. 800 beds. In addition, the foundation stone was laid for another greenfield site in Ludhiana which will be a 100 bed center for Mother & Child care and will be launched in 2016.

The company also made its initial foray in Ahmedabad, the capital of Gujarat by acquiring a Greenfield site for the purpose of constructing a multi-specialty tertiary care facility in the future.

The company also initiated expansion plans at its existing facility at BG road, Bengaluru from 250 beds currently to 460 beds and announced plans for the development of a 70 bed Mother & Child care specialty facility in Bengaluru.

India Diagnostic Business

The diagnostic business of the company continues to expand its presence in the country in a steady manner. During the year, the diagnostic business witnessed addition of 52 labs and approx. 1200 collection points (till May 31 2014). The business successfully developed and released total of 28 esoteric and innovative new tests with demonstrated clinical values during the financial year. Among these 12 tests were released for the first time in India and are exclusively offered by SRL.

Strategic Direction and Focus Area

Given the company's asset light strategy (through Religare Health Trust) and significantly stronger Balance Sheet (as a result of the international business divestitures and the fund raising done during the course of FY14), the company is well positioned to capitalize on the opportunities in the high growth India market. India would be the mainstay of its business operations for the foreseeable future. While brownfield expansion and select greenfield developments would be done by the RHT for Fortis (for the clinical establishments under the RHT portfolio); given Fortis' stronger balance sheet, it would also simultaneously look at Greenfield opportunities that would allow it to enter new markets, deepen its presence in existing markets and strengthen its presence & offerings in select medical specialties such as Mother & Child and Oncology. The Company's asset light strategy vis-à-vis the Religare Health Trust also gives it the added ability to accelerate its growth plans

in India and enables it to successfully implement a "transit strategy"; allowing the Company to invest in new assets and facilities, develop them and at an opportune time unlock value by transitioning them to the Health Trust. This would expectedly further strengthen the Company's Balance Sheet, positioning it well for undertaking more investments for growth and expansion. The company has already initiated expansion plans in places such as Ludhiana and Bengaluru, while growth plans for strengthening its presence in existing markets such as New Delhi/ NCR & Mumbai are under active consideration.

'Lakshya' – Fortis' Road Map

In an effort to take Fortis to the next level, a new initiative, 'Lakshya' was conceived and rolled out across the Fortis network. Lakshya is a pan-Fortis initiative with a focus on the five core pillars of Patient Care, Clinical Excellence, Talent Engagement, Investor Confidence and Community Connect, that will drive the organization forward in the coming years.

Patient Care

This Lakshya pillar lays thrust on introducing and strengthening patient care practices, across Fortis' vast network, enabling the company to scale newer peaks in the domain of patient care, decisive in increasing 'patient loyalty' for Fortis.

Key attributes will include better patient communication, innovative forms of patient engagement, additional patient services, improved efficiency in patient management processes and a focus on all the softer aspects of patient interaction.

Clinical Excellence

Striving for clinical excellence is a part of the core DNA of Fortis. With this Lakshya pillar, our goal is to develop 'Centers of Excellence' (CoE) in Cardiac Sciences, Orthopedics, Oncology, Pediatrics, Neuro Sciences and Multispecialty, in identified key hospitals.

Key considerations for the creation and qualification of CoE's will be the presence of comprehensive clinical programs and specialties, adequate volumes of surgeries/ procedures, monitoring and benchmarking of clinical outcomes, creation of quality and audit systems and an emphasis on academics and research.

Talent Engagement

Our endeavor under Lakshya is to strive to be amongst the top 20 best employers in India. As part of this goal, robust medium term plans have been developed to improve organizational performance management, enhance team working, address employee attrition and improve workplace efficiency. The key themes of the plan are recruitment and selection, rewards and recognition, a robust performance management system, training and development and career management.

Investor Confidence

Lakshya recognizes that building Investor confidence is essentially about engaging the investor community in the affairs of our organization and sharing with them the company strategy, plans and performance; also demonstrating to them over a period of time, the consistency in management thought in respect of strategy implementation.

Delivering sound financial performance is, therefore, a critical cornerstone. Our teams have developed robust programs to focus on and drive key business levers that will enable our hospitals to enhance patient footfalls and significantly improve operational efficiencies to deliver superior financial performance.

Community Connect

Integrating with the communities where we operate our hospitals is an integral part of this Lakshya pillar. It is about each of our hospitals playing a positive and responsible role by participating in programs that are of relevance to the local community and also contributing to the resolution of issues that enrich community life.

The Community engagement initiatives will focus on themes relating to women and children, medical relief during disasters, medical and other civic problems in urban and rural slums.

Efforts will also be made to, create a platform for voluntary contributions to enhance our participation in issues that are socially relevant. This will call for close engagement with RWAs, police, government authorities, non-profit organizations, educational institutions, etc. Apart from creating goodwill in the communities around our hospitals, such responsible participation will bring about an

immensely positive image while positioning Fortis as a ***'healthcare provider with a heart'***.

We are confident and enthused that the Lakshya program provides the necessary focus and impetus for us as an organization to build upon our strengths and core areas, ensuring that we consolidate our position of leadership in the healthcare space.

Select Key Upcoming Projects

Set forth below are certain details relating to our Greenfield / Brownfield projects, which are currently at various stages of development:

Fortis Hospital Arcot Road, Chennai

Fortis Hospital Arcot Road, 200+ bed tertiary care multi-speciality hospital, would be the second hospital by the company in the city. The hospital shall enhance the scope of services and consolidate its presence in the Chennai market. All medical equipment like Cath Lab, MRI, CT, X-ray, OT lights etc have been installed and commissioned. The hospital is awaiting certain regulatory approvals and is expected to be operational in the near future.

Oncology Block, Fortis Hospital, Mohali

Fortis Hospital, Mohali is a 300 bed hospital which was commenced during 2001. Given the increasing number of cancer patients in the region and to further provide impetus to the hospital's growth, a 55 bed oncology block was set up at the hospital. The Oncology Block i.e. Fortis Cancer Institute has been formally launched in July 2014.

BG Road, Bengaluru expansion

The expansion plans at BG road facility has been initiated wherein a new 210 bed tower with a comprehensive cancer-care facility will be set up. Fortis' comprehensive Centre for Oncology will provide end to end cancer care from diagnostics to rehabilitation, integrating cutting-edge medical technology and internationally acclaimed clinical expertise to provide treatment across Medical, Radiation and Surgical Oncology. The latest advancements in Linear Accelerators, Brachy Therapy, and Nuclear medicine will be incorporated. In addition to Oncology, the new expansion will have additional operation theatres with a high end Brain Suite and state-of-the-art ICU's.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial year 2013-2014, the Company reported a consolidated total income of ` 4,759 Crore which includes revenue of ` 3,448 Crore from the India Operations and ` 1,312 Crore from the International Operations. This compares to the overall consolidated revenue of ` 6052 Crore in the previous year. The decline in revenue is primarily due to divestments of various international assets during the year. Operating EBITDAC (before the net business trust fees) stood at ` 524 Crore, representing a margin of 11.0%. EBITDA (including other income and before exceptional item) for the year was at ` 371 Crore. Net profit for the company was at ` 123 Crore (including gain arising due to divestment of international assets during FY2014) compared to ` 500 Cr (including gain arising due to RHT transaction) in FY13.

The India business comprising the Hospital and the Diagnostic business contributed ` 3,448 Crore, a growth of 20% over the corresponding year. For the year under review, the hospital business contributing 81% to the overall India business grew by 22% to ` 2,795 Crore, compared to ` 2,293 Crore in FY13. The India Diagnostic business reported net revenue of ` 653 Cr, a growth of 13% over the corresponding period.

For the India business, the operating EBITDAC before net business trust costs stood at ` 428 Crore, representing a margin of 12.4%. Consolidated Operating EBITDAC margin excluding start up and one off expenses stood at 14.5%. The India Hospital business reported operating EBITDAC before net business trust costs at ` 311 Cr, a margin of 11.1%. Excluding start up and one off expenses operating EBITDAC margins of the India hospital business stood at 13.6%. The Diagnostic business in India reported EBITDA at ` 117 Cr, a growth of 45% and a margin of 17.9%.

The performance in the India hospital business was suppressed due to a temporary reduction in occupancies in select facilities, arising from a drop in institutional business and a consequent decrease in revenues from this segment. In addition, due to the accelerated growth in new facilities such as the Fortis Memorial Research Institute, the revenue weightage

from such facilities increased significantly leading to a dilution in operating margins. Further, there has also been the impact of certain one off costs during the year.

The company's balance sheet strengthened significantly during the year largely as a result of the reduction in Net debt from ` 5771 Crore as of 31 March 2013 to ` 843 Crore as of 31 March 2014. This was due to the divestments of the international assets and the fund raising exercises executed during the year. As of 31 March 2014, company's net debt to equity stood at 0.17x compared to 1.1x as of 31 March 2013.

In the Indian hospital business, key specialties such as Cardiac Sciences, Orthopedics, Renal Sciences, Neuro Sciences, Oncology, Pulmonology and Gynaecology continue to perform well in terms of revenue as well as volumes. The hospitals across the network performed over 86,000 Cardiac procedures, over 29,000 Oncology procedures, approx. 26,000 Renal procedures and over 19,000 Orthopaedic procedures.

Medical operations continue to be the key focus area at all the Fortis hospitals. This includes clinical excellence, clinical outcomes, quality control and process standardization across the Fortis network. To achieve Clinical Excellence across the network, medical operations group engages with the Medical Fraternity and facilitates implementation of Organizational priorities which includes identification & recruitment of Clinical Talent, Medical process standardization, Medical Infrastructure and Medical Technology Management. Clinical outcomes across various specialties are being tracked as per International Outcomes registries. During the year, Fortis Medical Council was constituted. It is the apex medical body at Fortis comprising of top clinicians and senior management. The purpose is to guide the company on medical matters, discuss key clinical issues & help formulate the clinical strategy for the company.

Fortis has been leading initiatives and establishing medical programmes to strengthen disease control and improve effectiveness of healthcare delivery services. In partnership with MSD pharmaceuticals Fortis has initiated the Anti-Microbial Stewardship (AMS) programme across all its major facilities. Antimicrobial resistance is one of the major public

health problems especially in developing countries due to easy availability and higher consumption of antibiotics/antimicrobials. With antimicrobial resistance on the rise worldwide and few new antibiotics in development, antimicrobial stewardship programs are more important than ever in ensuring the continued efficacy of available antibiotics.

During the year, Fortis Mohali successfully received its reaccreditation by the Joint Commission International (JCI) while Fortis Vashi and Anandpur received accreditations from National Accreditation Board for Hospitals (NABH). The Fortis network currently has 4 JCI accredited hospitals, 15 NABH accredited hospitals and 7 NABH accredited blood banks.

In the diagnostic business, SRL's immense footprint gives it capabilities in logistics and distribution that are unmatched. SRL's network of 281 Laboratories and over 5800 Collection Points, allows it to reach customers in over 450 cities. SRL's vision is to become the first choice diagnostics provider for customers in all the markets where it operates. Today SRL is the only one in the country to offer Complete Diagnostic Services - Pathology, Radiology, Wellness, Occupational Health and Clinical Trials. It carries out over 100,000 tests in a day, ranging from routine test to esoteric, specialised and super specialised tests.

SRL ascribes to the credo of "Total Quality Management" and follows it stringently. The Company is pioneer in implementation of lab quality assurance programs. This includes establishing a well-defined organizational structure to constantly review, upgrade and improve resources, and implement and comply with global standards in good clinical practices. It also adheres to benchmarks in the diagnostics set by Clinical Pathology Accreditation standards for medical laboratories (CPA), UK; Clinical Laboratory Standards Institute (CLSI), USA; International Laboratory Accreditation Cooperation (ILAC); Asia Pacific Laboratory Accreditation Cooperation (APLAC), World Health Organization (WHO) and Centre for Disease Control (CDC), Atlanta, USA. Many of the Company's labs across the country have been accredited by these independent agencies. SRL has 31 labs accredited by NABL.

HUMAN RESOURCE

Fortis Healthcare Ltd recognizes that human resource is its greatest asset. The human resources systems, procedures and the organizational environment are all designed to nurture creativity, innovation and greater efficiencies in its human capital. The company believes each and every employee in the organization is valuable and brings along the competence and imagination that adds value to our organization.

Financial year 2014 was a significant one for the Human Resources function. Concrete steps were taken towards transforming and instituting best-in-class practices. Several important initiatives that were launched in 2012-13, came to fruition this year.

Right Structuring: Last year the company continued to strengthen its Organization structure and consolidated its focus on the India Business, and to make progress in the same direction with an intent to deliver an enhanced & sustained performance. The company operationalized the matrix structures to optimize the efficiencies in our organization. As a part of this matrix re-alignment, functions like Human Resources, Information Technology, Corporate Communication and Supply Chain Management underwent structural changes.

Communication & Employee Engagement: Communication plays a very important role in the development of an organization. On this front, the company introduced an employee friendly intranet portal based on extensive feedbacks taken from employees. Our internal in-house magazine, 'The Fortisian' also serves as an important source of internal communication. The company continued to celebrate our and our employees' successes through various engagement events. In addition, new employee engagement initiatives focused on key employee groups have been launched which have been extremely well received by the employees.

Awards & Recognition: The Company initiated the Fortis LOV "Living Our Values" Awards - one of the building blocks of our Organization-wide Employee Engagement program. It enables employees to share their stories to inspire colleagues, and provides an opportunity for the company to thank employees for their contribution to its growth and success through value based actions.

Project Lakshya: During the year, the company initiated Lakshya – an organizational transformational initiative, with key focus areas - Clinical Excellence, Patient Care, Talent Engagement, Investor Confidence and Community Connect. This has synergized all areas/ functions of our organization and will help achieve common organizational objectives.

Learning & Development: In the Learning & Development segment, the Company continued focus has been on Nursing and non-medical staff. Workshops were conducted for Sales & Marketing staff on Digital Marketing and Sales Skills to facilitate and understanding of digital space and contribute to build a strong sales force towards growth and market share expansion. Programs like Nursing Leadership and People Management were carried out of nursing supervisors and senior / middle level managers. Trainings like Finance for Non Finance were given to operational leads to understand working principles for finance and how they are expected to contribute to strong financial management practices.

FY 14-15 will be an important year and will see a focused effort towards strengthening the HR organization across the country through sustained transformational initiatives. The number of employees stood at 21,333 as on 31st March, 2014.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The management acknowledges its overall responsibility to assess and design effective systems of internal control to identify, control and report on major risks, including strategic, people, medical, operational, financial, technological and regulatory risks.

The system of internal control is designed to manage and mitigate the risks faced by the Company. The system comprises a well - defined Organizational Vision, Values, Code of Conduct, an organization structure aligned to business and operations supported by policies, standards and process framework to assist functions and operating units to execute per design. Appropriate and relevant performance management system has been designed to define expectations, responsibility and drive accountability.

The Company maintains adequate internal control

system commensurate with the nature of its business, size and complexity of its operations and have been designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Additionally the CEO and CFO Certificate forming part of the Corporate Governance Report confirm existence of effective internal control systems and procedures in the Company. The Board monitors exposures to these risks with the assistance of various committees and senior management.

The internal control systems are supported by a systematic, disciplined review and continuous improvement cycle run under the mandate of an extensive internal audit program with periodical management oversight.

Company has an established Internal Audit Function with direct reporting to Audit & Risk Committee of the Board. The function is responsible to provide an independent, objective evaluation of the adequacy and effectiveness of the internal control system and helps identify opportunities for improvement. The scope and authority of the Internal Audit Function is derived from the Audit Charter approved by the Audit & Risk Committee of the Board.

The Internal Audit function develops internal audit plans, defines scope and coverage for review, assesses control design and operating effectiveness, per the risk assessment methodology and prioritizes alignment with operational risk profile.

The Internal Audit function provides assurance to the Board and management that system of internal control deployed is designed to manage key business risks and in operating effectively.

Management provides action plans to address the observations noted from the internal audit reviews and action plans are monitored towards resolution under the supervision and guidance of Audit and Risk Committee.

A quarterly report on the findings is presented to the Audit Risk and Controls Committee. The Audit Risk and Controls Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitor implementation of internal audit observations.

FORWARD LOOKING STATEMENT

Except for the historical information contained herein, statements in this discussion which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our products and services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the

date thereof. These discussions and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

References

1. Mc Kinsey Healthcare Report 2013
2. World Health Statistics 2013
3. Innovative and sustainable healthcare management: Strategies for growth; Report by Deloitte
4. ICRA Management Consulting Services Limited Analysis, Indian Diagnostic Services Market Report, January 2011
5. Overview of Healthcare Delivery Industry in Selected Regions and Countries; Report by Frost & Sullivan
6. Market Research, reports, web articles, press & media reports and others.

Independent Auditor's Report

To the Members of Fortis Healthcare Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Fortis Healthcare Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of

the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs.
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Pankaj Chadha

Partner

Membership Number: 91813

Place of Signature: Gurgaon

Date: May 29, 2014

Annexure referred to in our report of even date

Re: Fortis Healthcare Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of items of inventories and certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) In our opinion there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products/services of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases*. The provisions relating to excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, custom duty and cess on account of any dispute are as follows:

Name of Statute	Nature of the dues	Amount involved (₹)	Amount Paid under protest (₹)	Assessment year to which amount relates	Forum where dispute is pending
Income Tax Act	Tax Deducted at Source & Interest thereon	57,902,043	26,222,593	2010-11 and 2011-12	Commissioner of Income Tax (Appeals), Chandigarh
Punjab Value Added Tax Act	Demand, penalty and interest thereon	141,235,456	Nil	2009-10	Punjab High Court
Finance Act, 1994	Service tax and penalty	21,534,145	Nil	2007-08 to 2011-12	Commissioner of Service Tax, Chandigarh

- (x) The Company has no accumulated losses at the end of financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures at the end of the year.
- (xx) We have verified that the end use of money raised by public issue is as disclosed in the notes to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Pankaj Chadha

Partner

Membership Number: 91813

Place of Signature: Gurgaon

Date: May 29, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Notes	March 31, 2014 ` in Lacs	March 31, 2013 ` in Lacs
Equity and liabilities			
Shareholders' funds			
Share capital	4(i)	46,278.63	40,953.37
Reserves and surplus	4(ii)	324,679.52	279,551.86
		370,958.15	320,505.23
Non-current liabilities			
Long-term borrowings	4 (iii)	125,166.17	69,743.33
Deferred tax liabilities (net)	4 (iv)	-	31.84
Other long-term liabilities	4 (v)	3,342.94	1,527.02
Long-term provisions	4 (vi)	808.80	704.11
		129,317.91	72,006.30
Current liabilities			
Short-term borrowings	4 (vii)	-	30,056.49
Trade payables	4 (viii)	5,102.82	4,734.31
Other current liabilities	4 (ix)	9,655.29	19,758.32
Short-term provisions	4 (x)	918.69	765.76
		15,676.80	55,314.88
TOTAL		515,952.86	447,826.41
Assets			
Non-current assets			
Fixed assets			
Tangible assets	4 (xi) (a)	13,931.98	11,454.52
Intangible assets	4 (xi) (b)	682.93	304.24
Capital work-in-progress		12,135.22	7,294.23
		26,750.13	19,052.99
Non-current investments	4 (xii)	210,268.46	210,268.46
Deferred tax assets (net)	4 (iv)	19.65	-
Long-term loans and advances	4 (xiii)	59,321.52	83,875.24
Other non-current assets	4 (xiv)	2,379.15	17,428.19
		298,738.91	330,624.88
Current assets			
Current investments	4 (xv)	69,246.34	30,319.71
Inventories	4 (xvi)	471.60	484.86
Trade receivables	4 (xvii)	8,729.16	9,305.03
Cash and bank balances	4 (xviii)	2,629.34	10,857.96
Short-term loans and advances	4 (xix)	116,364.34	65,034.88
Other current assets	4 (xx)	19,773.17	1,199.09
		217,213.95	117,201.53
TOTAL		515,952.86	447,826.41
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place : Gurgaon
Date : May 29, 2014

**For and on behalf of the Board of Directors of
Fortis Healthcare Limited**

Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Place : New Delhi
Date : May 29, 2014

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Notes	March 31, 2014 ` in Lacs	March 31, 2013 ` in Lacs
Income			
Revenue from operations	4 (xxi)	36,890.78	35,297.21
Other income	4 (xxii)	22,963.77	19,056.93
Total revenue		59,854.55	54,354.14
Expenses			
Purchase of medical consumables and drugs (includes prior period items of ` Nil, Previous year ` 0.11 lacs)		10,822.24	10,187.06
Decrease/ (increase) in inventories of medical consumables and drugs	4 (xxiii)	11.13	(51.39)
Employee benefits expense	4 (xxiv)	13,603.94	10,133.14
Other expenses	4 (xxv)	20,496.21	15,144.46
Total expenses		44,933.52	35,413.27
Earnings before interest, tax, depreciation and amortization (EBITDA)		14,921.03	18,940.87
Finance costs	4 (xxvi)	9,078.36	13,386.47
Profit before tax, depreciation and amortisation		5,842.67	5,554.40
Depreciation and amortisation expense	4 (xxvii)	1,699.68	2,346.83
Profit before tax		4,142.99	3,207.57
Tax expenses:			
Current tax [including adjustment of tax relating to earlier periods ` 35.40 lacs (Previous year ` Nil)]		1,795.04	1,450.85
Deferred tax charge / (credit)		(51.49)	31.84
Total tax expenses		1,743.55	1,482.69
Profit for the year		2,399.44	1,724.88
Earnings per share [Nominal value of shares ` 10/- each (Previous year ` 10/- each)]	4 (xxviii)		
Basic		0.53	0.43
Diluted		0.53	0.43
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place : Gurgaon
Date : May 29, 2014

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Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Place : New Delhi
Date : May 29, 2014

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	March 31, 2014 ` in Lacs	March 31, 2013 ` in Lacs
A. Cash flow from operating activities		
Profit before tax	4,142.99	3,207.57
Adjustments for:		
Depreciation and amortization expense	1,699.68	2,346.83
Loss on sale of assets	57.84	109.19
Profit on redemption of mutual funds	(1,680.64)	(697.88)
Provision for doubtful debts and advances	544.37	328.91
Provision for contingencies	65.03	140.00
Balances written off	529.69	29.39
Finance charges	519.09	1,429.66
Unrealised foreign exchange fluctuation loss (net)	2,759.14	261.02
Unclaimed balances and excess provisions written back	(163.08)	(368.31)
Wealth tax	7.91	6.17
Interest income	(19,967.15)	(18,342.89)
Interest expense	8,482.70	11,908.21
Operating profit/ (loss) before working capital changes	(3,002.43)	357.87
Movements in working capital :		
(Increase)/ decrease in trade receivables	104.95	(3,413.82)
(Increase)/ decrease in inventories	13.26	(59.57)
(Increase)/ decrease in loans and advances	(2,093.69)	4,259.83
Increase in other assets	(159.72)	(70.17)
Increase in trade payables, other liabilities and provisions	3,582.52	1,637.65
Cash generated from/ (used in) operations	(1,555.11)	2,711.79
Direct taxes paid (net of refunds)	(2,911.42)	(2,566.48)
Net cash flows from/ (used in) operating activities (A)	(4,466.53)	145.31
B. Cash flows from investing activities		
Purchase of fixed assets	(9,880.24)	(7,459.23)
Proceeds from sale of fixed assets	34.76	103.39
Investment in bank deposits	(11.12)	(4.66)
Redemption/ maturity of bank deposits	32.15	96.35
Loans to body corporates and others (given)/ repayments received (net)	-	(216.72)
Loans to subsidiaries (given)/ repayments (net)	(21,133.24)	40,064.71
Purchase of investments in mutual funds (net)	(37,245.99)	(8,882.12)
Interest received	15,961.25	7,524.05
Net cash flows from/ (used in) investing activities (B)	(52,242.43)	31,225.77
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital [including securities premium of ` 48,812.18 lacs (Previous Year ` 17.24 lacs), net of expenses incurred for issue of equity shares of ` 1,887.01 lacs (Previous Year ` Nil)]	52,710.19	20.00
Redemption of non-cumulative redeemable preference shares [including premium of ` 8,045.62 lacs (Previous Year ` Nil)]	(8,478.26)	-
Proceeds from issuance of non-convertible debentures	-	30,000.00
Redemption of non-convertible debentures	(30,000.00)	(30,000.00)
Proceeds from issuance of 4.66%+LIBOR Foreign currency convertible bonds	17,825.94	-
Proceeds from issuance of 4.86%+LIBOR Foreign currency convertible bonds	31,422.93	-
Repayments of other long-term borrowings (net)	(229.73)	(466.67)
Proceeds/ (repayments) of short-term borrowings	609.10	(12,332.20)
Loan arrangement fees (paid)/ refunded (net)	100.37	(1,488.23)
Interest paid	(15,574.15)	(7,638.41)
Net cash flows from/ (used in) financing activities (C)	48,386.39	(21,905.51)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(8,322.57)	9,465.57
Effect of exchange differences on cash and cash equivalents held in foreign currency	(120.98)	0.04
Total cash and cash equivalents at the beginning of the year	10,825.79	1,360.26
Cash and cash equivalents at the end of the year	2,624.20	10,825.79
Components of cash and cash equivalents:		
Cash in hand	25.18	50.98
Cheques in hand	-	0.06
Balances with banks on current accounts	2,599.02	10,711.26
Balances with banks on deposit accounts	5.14	95.66
	2,629.34	10,857.96
Less: Deposits not considered as cash equivalents	5.14	32.17
Total	2,624.20	10,825.79
Summary of significant accounting policies	3	

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place : Gurgaon
Date : May 29, 2014

**For and on behalf of the Board of Directors of
Fortis Healthcare Limited**

Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Place : New Delhi
Date : May 29, 2014

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Nature of Operations

Fortis Healthcare Limited (the 'Company' or 'FHL') was incorporated in the year 1996 and commenced its hospital operations in the year 2001. As part of its business activities, the Company holds interests in its subsidiaries, joint ventures and associate companies through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. The Company's foreign currency convertible bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange and 4.66%+ LIBOR foreign currency convertible bonds are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

3. Summary of Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(c) Depreciation on tangible fixed assets

- i. Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets:-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

S. No.	Assets	Rates (SLM)
1.	Plant & machinery	10.34%
2.	Medical equipments	7.07%
3.	Furniture and fittings	6.33%
4.	Computers	16.21%
5.	Office equipments	4.75%
6.	Vehicles	9.50%

- ii. Depreciation on Leasehold improvements is provided over the primary period of lease of 10 years or over the useful lives of the respective fixed assets, whichever is shorter.
- iii. Individual assets not exceeding ` 5,000 are depreciated fully in the year of purchase in accordance with Companies Act, 1956.

(d) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the statement of profit and loss.

All direct capital expenditures on expansion are capitalized. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

Expenditure of administrative or general overheads nature incurred during the startup and commissioning of the hospital project, including such expenditure on test run, is usually capitalized as an indirect element of construction costs. However, expenditure incurred post commercial launch of the hospital is charged to statement of profit and loss.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs which meet capitalization criteria, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Technical Know-how Fees

Technical know-how fees are amortized over a period of 3 years.

Software

Cost of software is amortized over a period of 6 years, being the estimated useful life as per the management estimates.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(f) Impairment of tangible and intangible assets

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company. Impairment losses are recognized in the statement of profit and loss.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(g) Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of the acquisition of such investments are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such long term investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**(i) Inventories**

Inventory of Medical consumables and drugs, Stores and spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The inventories of medical consumables in OPD business are expensed off on purchase.

(j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Operating Income

Operating income is recognised as and when the services are rendered / pharmacy items are sold. Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Management fee from hospitals and income from medical services is recognised as per the contractual obligations arising out of the contractual arrangements with respective hospitals.

Income from Rehabilitation Centre and Sponsorships

Revenue is recognised as and when the services are rendered at the rehabilitation centre. Sponsorship income is recognized when the underlying obligations are completed as per contractual terms.

Income from Academic Services

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

Equipment Lease Rentals and Income from Rent

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees on straight line basis.

Income from Clinical Research

Income from clinical research is recognised as and when the services are rendered in accordance with the terms of the respective agreements.

Export benefits

Income from 'Served from India Scheme' is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(k) Unamortised finance charges

Costs incurred in raising funds are amortised on straight line basis over the period for which the funds have been obtained, using time proportionate basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(I) Foreign currency transactions and balances

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii) Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

- a. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- b. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
- c. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- d. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of b and c above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of the forward exchange contract is amortized as an income/expense over the life of contract. Exchange difference on such contracts, except the contracts which are long term foreign currency monetary items, are recognized in the statement

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items are recognized in accordance with paragraph (iii) (b) and (iii) (c).

(m) Retirement and other employee benefits:**i) Contributions to provident fund**

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme for certain employees, the contributions for these employees are charged to the statement of profit and loss of the year when an employee renders the related service.

For other employees, the provident fund is defined benefit scheme contribution of which is being deposited with "Fortis Healthcare Limited Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligations other than the contribution payable to the fund.

ii) Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using projected unit credit method.

iii) Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

iv) Actuarial gains/losses

Actuarial gains/losses are recognised in the statement of profit and loss as they occur.

(n) Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(o) Employee stock compensation cost

Recognition, measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year (including prior period items, if any) attributable to the equity shareholders (after deducting preference dividends

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(q) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(s) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(t) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company includes interest income included under other income, but does not include depreciation and amortization expense, finance costs and tax expense.

(u) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(v) Segment Reporting

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on 'Segment Reporting'.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in Lacs	` in Lacs
4(i) Share capital		
Authorised Shares (Nos.)		
600,000,000 (Previous year 600,000,000) Equity shares of ` 10 each	60,000.00	60,000.00
200 (Previous Year 200) Class 'A' Non- Cumulative Redeemable Preference Shares of ` 100,000 each	200.00	200.00
11,498,846 (Previous Year 11,498,846) Class 'B' Non- Cumulative Redeemable Preference Shares of ` 10 each	1,149.88	1,149.88
64,501,154 (Previous Year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of ` 10 each	6,450.12	6,450.12
Total authorised share capital	67,800.00	67,800.00
Issued Shares (Nos.)		
462,786,314 (Previous year 405,207,335) Equity shares of ` 10 each fully paid up	46,278.63	40,520.73
Nil (Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 10 each	-	160.00
Nil (Previous Year 3,196,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 10 each	-	319.60
Total issued share capital	46,278.63	41,000.33
Subscribed and fully paid up shares (Nos.)		
462,786,314 (Previous year 405,207,335) Equity shares of ` 10 each	46,278.63	40,520.73
Nil (Previous Year 1,450,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 10 each	-	145.00
Nil (Previous Year 3,196,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 9 each	-	287.64
Total subscribed and fully paid up share capital	46,278.63	40,953.37

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**Equity Shares**

Particulars	March 31, 2014		March 31, 2013	
	Number	Value ` in Lacs	Number	Value ` in Lacs
At the beginning of the year	405,207,335	40,520.73	405,179,715	40,517.97
Issued during the year: Institutional Placement Programme (Refer note 21)	34,993,030	3,499.30	-	-
Issued during the year: Preferential allotment (Refer note 22 and 23)	22,571,149	2,257.12	-	-
Issued during the year: Employee Stock Option Plan (ESOP) (Refer note 11)	14,800	1.48	27,620	2.76
Outstanding at the end of the year	462,786,314	46,278.63	405,207,335	40,520.73

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each**

Particulars	March 31, 2014		March 31, 2013	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	1,450,000	145.00	1,450,000	145.00
Redeemed during the year	(1,450,000)	(145.00)	-	-
Outstanding at the end of the year	-	-	1,450,000	145.00

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each

Particulars	March 31, 2014		March 31, 2013	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	3,196,000	287.64	3,196,000	287.64
Redeemed during the year	(3,196,000)	(287.64)	-	-
Outstanding at the end of the year	-	-	3,196,000	287.64

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms of redemption of preference shares

During the year ended March 31, 2009, the Company issued 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 90 per share. Preference shares were redeemable at a premium of ₹ 117.69 per preference share, on October 18, 2010, however, the date of redemption of October 18, 2010 has been deferred to October 18, 2014 at the redemption premium of ₹ 198.20 per share. Both the Company and the subscriber had an option for early redemption of the Preference Shares. In case the early redemption option would have been exercised, the premium on redemption shall be adjusted proportionately. Preference shares were redeemed on October 28, 2013 at a redemption price of ₹ 184.96 including redemption premium of ₹ 174.96 per share.

During the year ended March 31, 2008, the Company issued 11,500,000 Class 'C' zero percent cumulative redeemable preference shares of ₹ 10 each at a premium of ₹ 90 per share, out of which 3,196,000 zero percent cumulative redeemable preference shares were still pending for redemption at the beginning of the year. These shares were redeemable at ₹ 175 per share, including premium, on October 18 of 2008, 2009, 2010, 2011 and 2012 respectively in installment of ₹ 1,437.50 lacs each and installment of ₹ 12,937.50 lacs on October 18, 2013. The Company had the option to make voluntary premature redemption of the Shares in part or in full in which event the redemption premium would have been computed @ 12% compounded annually on the subscription amount from the subscription date till the redemption date. However, the due date of redemption in 2009, 2010, 2011, 2012 and 2013 respectively has been postponed to October 18, 2014 and due to this, the Company has agreed to pay additional redemption premium calculated at 12%, 12.5%, 13%, 13% and 13% respectively on

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

the redemption amounts due in respective years. In the event of liquidation of the Company before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital. Preference shares were redeemed on October 28, 2013 at a redemption price of ₹ 181.36 including redemption premium of ₹ 172.36 per share.

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries**Equity Shares**

Name of Shareholder	March 31, 2014		March 31, 2013	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,529	32,959.15	329,591,530	32,959.15
RHC Holding Private Limited, the ultimate holding Company	218,250	21.83	218,250	21.83

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2014		March 31, 2013	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
RHC Holding Private Limited, the ultimate holding Company	-	-	1,450,000	145.00

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each

Name of Shareholder	March 31, 2014		March 31, 2013	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
RHC Holding Private Limited, the ultimate holding Company	-	-	3,196,000	287.64

(e) Details of shareholders holding more than 5% shares in the Company**Equity Shares**

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,529	71.22%	329,591,530	81.34%
International Finance Corporation	25,793,949	5.57%	-	-

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	-	-	1,450,000	100%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each**

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	-	-	3,196,000	100%

As per records of the Company, including its register of share holders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, please refer note 11.

(g) Shares reserved for issued on conversion

For details of shares reserved for issue on conversion of bonds, please refer note 18, 19 & 20 regarding terms of conversion/ redemption of bonds.

4(ii) Reserves and surplus

	March 31, 2014 ₹ in Lacs	March 31, 2013 ₹ in Lacs
a Securities premium account		
Balance as per the last financial statements	255,055.00	256,475.07
Add: Premium on issue of equity shares	48,812.18	17.24
Less: Expenses incurred for issue of equity shares	(1,887.01)	-
Less: Expenses incurred for issue of foreign currency convertible bonds	(1,128.64)	-
Less: Amount utilized for accrual of premium payable on redemption of cumulative redeemable preference shares	(830.87)	(1,437.31)
Less: Amount utilized for accrual of premium payable on redemption of 5% foreign currency convertible bonds	(1,472.10)	-
Closing balance	298,548.56	255,055.00
b Amalgamation reserve		
Balance as per the last financial statements	156.00	156.00
Closing balance	156.00	156.00
c Foreign currency monetary item translation difference account		
Opening balance	(416.28)	(153.77)
Addition	(765.34)	(262.51)
Closing balance	(1,181.62)	(416.28)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in Lacs	` in Lacs
d Debenture redemption reserve		
Balance as per the last financial statements	3,883.56	1,630.43
Add: amount transferred from surplus balance in the statement of profit and loss	11,622.54	3,883.56
Less: amount transferred to general reserve	(3,883.56)	(1,630.43)
Closing balance	11,622.54	3,883.56
e General reserve		
Balance as per the last financial statements	1,630.43	-
Add: transfer from debenture redemption reserve	3,883.56	1,630.43
Closing balance	5,513.99	1,630.43
f Surplus in the statement of profit and loss		
Balance as per the last financial statements	19,243.15	21,401.83
Add: profit for the year	2,399.44	1,724.88
Less: transfer to debenture redemption reserve	(11,622.54)	(3,883.56)
Net surplus in the statement of profit and loss	10,020.05	19,243.15
	324,679.52	279,551.86
4 (iii) Long-term borrowings		
Secured		
Term loan from a body corporate [refer note 7(i)]	13,475.00	15,458.33
	13,475.00	15,458.33
Unsecured		
i Bonds		
5% Foreign currency convertible bonds (refer note 18)	60,059.36	54,285.00
4.66%+LIBOR Foreign currency convertible bonds (refer note 19)	18,017.80	-
4.86%+LIBOR Foreign currency convertible bonds (refer note 20)	33,032.64	-
	111,109.80	54,285.00
ii Deferred payment liabilities		
Deferred payment liabilities [refer note 7(iii)]	581.37	-
	581.37	-
	111,691.17	54,285.00
	125,166.17	69,743.33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ` in lacs	March 31, 2013 ` in lacs
4 (iv) Deferred tax liabilities/ (assets) (net)		
Deferred tax liability arising on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	805.02	734.19
Gross deferred tax liability	805.02	734.19
Deferred tax asset arising on account of:		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	514.80	449.93
Provision for doubtful debts and advances	309.87	252.42
Gross deferred tax asset	824.67	702.35
Net deferred tax liability/ (asset)	(19.65)	31.84
4 (v) Other long-term liabilities		
Capital creditors	67.53	309.30
Lease equalisation reserve	1,769.27	1,203.28
Interest accrued but not due on borrowings	19.64	-
Premium payable on redemption of 5% foreign currency convertible bonds	1,472.10	-
Others	14.40	14.44
	3,342.94	1,527.02
4 (vi) Long-term provisions		
Provision for employees benefits		
Provision for gratuity (refer note 12)	808.80	704.11
	808.80	704.11
4 (vii) Short-term borrowings		
Secured		
10% redeemable non convertible debentures [refer note 8(i)(a)]	-	30,000.00
Bank overdraft [refer note 8(i)(b)]	-	56.49
	-	30,056.49
4 (viii) Trade payables		
Trade payables (refer note 24 for details of dues to micro and small enterprises)	5,102.82	4,734.31
	5,102.82	4,734.31

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (ix) Other current liabilities		
Current maturities of long-term borrowings [refer note 7(i) and 7(iii)]	2,747.23	1,575.00
Interest accrued but not due on borrowings	2,210.37	9,321.46
Advances from patients	610.02	462.58
Premium payable on redemption of redeemable preference shares	-	7,214.75
Capital creditors	567.47	482.77
Security deposits	17.24	14.99
Bank overdrafts	793.34	127.75
Payable to subsidiaries	2,011.05	38.35
Statutory payables	566.12	518.77
Employee payable	49.89	-
Others	82.56	1.90
	9,655.29	19,758.32
4 (x) Short-term provisions		
a Provision for employees benefits		
Provision for gratuity (refer note 12)	72.44	33.44
Provision for leave encashment	633.31	586.15
b Others		
Provision for wealth tax	7.91	6.17
Provision for contingencies	205.03	140.00
	918.69	765.76
Provision for contingencies (refer note 15)		
Opening balance	140.00	-
Add: provision made during the year	65.03	140.00
Closing balance	205.03	140.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Note 4(xi)(a): Tangible assets										in Lacs
	Freehold land	Leasehold land improvements	Plant & machinery	Medical equipments	Furniture & fittings	Computers equipments	Office equipments	Vehicles	Total	
Gross Block										
At April 1, 2012	-	2,172.11	1,867.30	9,672.55	692.06	835.93	339.79	952.83	16,532.57	
Additions	10.09	558.62	996.27	2,627.44	156.74	148.82	30.02	204.58	4,732.58	
Other adjustments*	-	-	27.06	22.19	182.58	(28.47)	-	-	203.36	
Disposals	-	-	45.75	228.53	18.13	10.39	9.97	228.59	541.36	
At March 31, 2013	10.09	2,730.73	2,844.88	12,093.65	1,013.25	945.89	359.84	928.82	20,927.15	
Additions	-	152.67	213.99	3,086.67	247.98	76.02	45.60	287.26	4,110.19	
Disposals	-	-	2.61	25.20	26.83	137.94	46.10	53.21	291.89	
At March 31, 2014	10.09	2,883.40	3,056.26	15,155.12	1,234.40	883.97	359.34	1,162.87	24,745.45	
Depreciation										
At April 1, 2012	-	1,275.08	1,445.09	4,170.14	364.14	590.98	117.49	247.93	8,210.85	
Charge for the year	-	161.27	212.39	895.58	65.63	101.23	17.34	102.61	1,556.05	
Other adjustments*	-	-	14.21	(70.98)	115.07	(23.80)	-	-	34.50	
Disposals	-	-	24.16	172.30	21.04	7.07	4.89	99.31	328.77	
At March 31, 2013	-	1,436.35	1,647.53	4,822.44	523.80	661.34	129.94	251.23	9,472.63	
Charge for the year	-	208.25	153.14	927.28	84.39	67.31	16.41	83.35	1,540.13	
Disposals	-	-	2.36	18.96	14.92	135.86	24.42	2.77	199.29	
At March 31, 2014	-	1,644.60	1,798.31	5,730.76	593.27	592.79	121.93	331.81	10,813.47	
Net Block										
At March 31, 2013	10.09	1,294.38	1,197.35	7,271.21	489.45	284.55	229.90	677.59	11,454.52	
At March 31, 2014	10.09	1,238.80	1,257.95	9,424.36	641.13	291.18	237.41	831.06	13,931.98	

* Other adjustments include necessary reclassifications, rectifications and inter head transfers and adjustments to depreciation thereof.

Note: The above assets include certain fixed assets leased pursuant to operating lease agreement [refer note 6(b)].

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**Note 4(xi)(b): Intangible assets**

₹ in Lacs

	Technical know how fees	Software	Total
Gross Block			
At April 1, 2012	201.42	476.91	678.33
Additions	-	960.01	960.01
Other adjustments*	-	28.48	28.48
Disposals	-	136.45	136.45
At March 31, 2013	201.42	1,328.95	1,530.37
Additions	-	538.24	538.24
At March 31, 2014	201.42	1,867.19	2,068.61
Amortisation			
At April 1, 2012	201.42	346.59	548.01
Charge for the year	-	790.78	790.78
Other adjustments*	-	23.80	23.80
Disposals	-	136.46	136.46
At March 31, 2013	201.42	1,024.71	1,226.13
Charge for the year	-	159.55	159.55
At March 31, 2014	201.42	1,184.26	1,385.68
Net Block			
At March 31, 2013	-	304.24	304.24
At March 31, 2014	-	682.93	682.93

* Other adjustments include necessary reclassifications, rectifications and inter head transfers and adjustments to depreciation thereof.

March 31, 2014	March 31, 2013
₹ in lacs	₹ in lacs

4 (xii) Non-current investments

Trade investments (valued at cost unless stated otherwise)

Unquoted equity instruments

A. Investment in subsidiaries

Escorts Heart Institute and Research Center Limited [2,000,310 (Previous year 2,000,310) Equity Shares of ₹ 10/- each]	71,894.80	71,894.80
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(Of the above, 50 shares (Previous year 50 shares) are jointly held with nominee share holders)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ` in lacs	March 31, 2013 ` in lacs
Fortis Health Management (North) Limited *	-	5.00
[Nil (Previous year 50,000) Equity Shares of ` 10/- each]		
Fortis Health Management (West) Limited	5.00	5.00
[50,000 (Previous year 50,000) Equity Shares of ` 10/- each]		
(Of the above, 6 shares (Previous year 6 shares) are jointly held with nominee share holders)		
Fortis Healthcare International Limited	14,744.49	14,744.49
[98,560,000 (Previous year 98,560,000) Ordinary Shares of MUR 10/- each]		
Fortis Hospitals Limited *	40,210.58	40,205.58
[40,300,577 (Previous year 40,250,577) Equity Shares of ` 10/- each]		
(Of the above, 6 shares (Previous year 6 shares) are jointly held with nominee share holders)		
Hiranandani Healthcare Private Limited	3,040.00	3,040.00
[3,400,000 (Previous year 3,400,000) Equity Shares of ` 10/- each]		
(Of the above, 3 shares (Previous year 3 shares) are jointly held with nominee share holders)		
SRL Limited ('SRL')	80,368.53	80,368.53
[42,749,217 (Previous year 42,749,217) Equity Shares of ` 10/- each]		
Shareholding in SRL is pledged to secure a term loan from a body corporate (refer note 7(i))		
B. Investment in associate companies		
Fortis Medicare International Limited	4.75	4.75
[10,000 (Previous year 10,000) Ordinary Shares of US\$ 1/- each]		
Sunrise Medicare Private Limited	0.31	0.31
[3,126 (Previous year 3,126) Equity Shares of ` 10/- each]		
Aggregate amount of unquoted investments	210,268.46	210,268.46

* During the current year, Hon'ble Delhi High Court of Delhi approved the scheme of amalgamation ('the scheme') of Fortis Health Management (North) Limited ('FHMNL') with Fortis Hospitals Limited ('FHsL'), both wholly owned subsidiaries of the Company. The scheme became effective from September 1, 2013 with appointed date as April 1, 2012. In consideration of this, FHsL has issued 50,000 Equity shares of ` 10 each to shareholder of FHMNL.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xiii) Long-term loans and advances		
Unsecured, considered good		
Loan to subsidiaries (refer note 26)	48,047.48	75,849.07
Capital advances	342.40	108.65
Security deposits	2,955.96	795.99
Advance income tax (net of provision for taxation)	3,755.80	2,704.61
MAT credit entitlement	4,219.88	4,416.92
	59,321.52	83,875.24
4 (xiv) Other non-current assets		
Unsecured, considered good unless stated otherwise		
Interest accrued but not due on loans and deposits	2,322.33	17,370.85
Unamortised finance charges	15.49	22.01
Bank deposits with original maturity of more than 12 months	41.33	35.33
	2,379.15	17,428.19
4 (xv) Current investments		
Unquoted mutual funds (valued at lower of cost and fair value, unless stated otherwise)		
Nil (Previous year 115,720.13) units of ` 1000 each in Axis Treasury Advantage Fund	-	1,500.00
Nil (Previous year 1,038,895.72) units of ` 100 each in Birla Sunlife cash plus- Growth Regular Plan	-	1,950.00
Nil (Previous year 1,154,207.95) units of ` 100 each in ICICI Prudential Liquid- Growth Regular Plan	-	2,000.00
Nil (Previous year 70,069.39) units of ` 1000 each in Reliance Liquid Fund- Growth Regular Plan	-	2,000.00
Nil (Previous year 32,790.13) units of ` 1000 each in UTI Liquid Cash Plan Institutional- Growth Option	-	630.00
Nil (Previous year 93,104.05) units of ` 1000 each in Religare Liquid Fund Super Institutional Growth	-	1,500.00
243,311.49 (Previous year Nil) units of ` 100 each in Birla Sun Life Cash Plus - Growth Direct Plan	500.00	-
3,864,158.95 (Previous year Nil) units of ` 100 each in Birla Sun Life Saving Fund - Growth Direct Plan	9,500.00	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ` in lacs	March 31, 2013 ` in lacs
505,16,052.24 (Previous year Nil) units of ` 10 each in HDFC Floating Rate Income Fund - Short term Plan - Direct Plan - Wholesale Option - Growth Option	11,006.63	-
10,000,000 (Previous year Nil) units of ` 10 each in HDFC Banking & PSU Debt Fund - Direct Growth Option	1,000.00	-
2,077,333.30 (Previous year Nil) units of ` 10 each in ICICI Prudential Flexible Income - Direct Plan - Growth	5,000.00	-
12,393,260.88 (Previous year Nil) units of ` 10 each in IDFC Money Manager Fund - Treasury Plan - Growth - Direct Plan	2,500.00	-
16,772,144.82 (Previous year Nil) units of ` 10 each in IDFC Ultra Short term Fund Growth - Direct Plan	3,000.00	-
20,000,000 (Previous year Nil) units of ` 10 each in Reliance Fixed Horizon Fund - XXV - Series 29-Direct Plan Growth Plan	2,000.00	-
9,129,251.95 (Previous year Nil) units of ` 10 each in Reliance Yearly Interval Fund - Series 3-Direct Plan - Growth Plan	1,000.00	-
4,983,852.32 (Previous year Nil) units of ` 10 each in Reliance Floating Rate Fund - Short Term Plan-direct Growth Plan	1,000.00	-
224,095.50 (Previous year Nil) units of ` 10 each in Reliance Liquid Fund - Treasury Plan - Direct Growth Plan - Growth Option	7,000.00	-
5,786,668.67 (Previous year Nil) units of ` 10 each in Reliance Quarterly Interval Fund - Series ii-Direct Growth Plan Growth Option	1,000.00	-
85,098.98 (Previous year Nil) units of ` 10 each in Religare Liquid Fund - Direct Plan Growth	1,500.00	-
143,708.13 (Previous year Nil) units of ` 10 each in UTI-Treasury Advantage Fund - Institutional Plan - Direct Plan - Growth	2,500.00	-
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
Fortis Hospotel Limited (refer note 16)	20,739.71	20,739.71

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
[149,822,782 (Previous year 149,822,782) Equity Shares of ` 10/- each]		
(of the above, 6 shares (Previous year 6 shares) are held by nominee shareholders)		
Aggregate amount of unquoted investments	69,246.34	30,319.71
4 (xvi) Inventories (valued at lower of cost and net realisable value)		
Medical consumables and drugs	424.42	435.55
Stores and spares	47.18	49.31
	471.60	484.86
4 (xvii) Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,946.13	3,610.13
Doubtful	834.93	712.18
	4,781.06	4,322.31
Other receivables		
Unsecured, considered good	4,783.03	5,694.90
Doubtful	5.18	0.17
	4,788.21	5,695.07
Less: Provision for doubtful receivables	840.11	712.35
	8,729.16	9,305.03
4 (xviii) Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- on current accounts	2,599.02	10,711.26
- deposits with original maturity of less than three months	-	63.49
Cash in hand	25.18	50.98
Cheques in hand	-	0.06
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	5.14	32.17
	2,629.34	10,857.96

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xix) Short-term loans and advances		
Unsecured, considered good		
Loan to subsidiaries (refer note 26)	111,883.81	60,147.15
Advances recoverable in cash or in kind or for value to be received	4,137.46	4,280.54
Loan to employees	8.09	8.81
Deposit with income tax authorities	262.23	-
Security deposits	62.12	67.18
Balances with customs, excise and other authorities	10.63	531.20
	116,364.34	65,034.88
Unsecured - doubtful		
Advances recoverable in cash or in kind or for value to be received	49.95	20.71
	49.95	20.71
Provision		
Less: Provision for doubtful advances	49.95	20.71
	49.95	20.71
	116,364.34	65,034.88
4 (xx) Other current assets		
Unsecured, considered good unless stated otherwise		
Unamortised share issue expenses	-	27.12
Interest accrued and due on loans and deposits	19,054.91	0.49
Unamortised finance charges	3.26	616.20
Accrued operating income	715.00	555.28
	19,773.17	1,199.09

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xxi) Revenue from operations		
Sale of services		
In patient	29,426.24	26,591.64
Out patient*	4,823.83	4,234.21
Laboratory/ clinical services	16.05	-
Income from medical services	228.98	2,037.04
Management fees from hospitals	145.43	121.11
Income from clinical research	7.61	28.64
	34,648.14	33,012.64
Less: Trade discounts	198.87	426.03
	34,449.27	32,586.61
Sale of Goods		
Pharmacy	1,008.86	907.69
Less: Trade discounts	50.66	47.10
	958.20	860.59
Other operating income		
Income from rehabilitation center	126.72	128.26
Income from academic services	55.14	28.48
Income from rent	116.76	105.45
Equipment lease rental	910.59	885.28
Export benefits	24.15	12.09
Sponsorship income	53.25	297.50
Scrap sale	10.03	10.35
Sale of plasma	12.04	9.97
Unclaimed balances and excess provisions written back	163.08	368.31
Miscellaneous income	11.55	4.32
	1,483.31	1,850.01
	36,890.78	35,297.21
4 (xxii) Other income		
Profit on redemption of mutual funds	1,680.64	697.88
Interest on bank deposits	155.16	16.96
Interest on loan - others	19,811.99	18,325.93
Foreign exchange fluctuation gain (net)	1,296.84	-
Miscellaneous income	19.14	16.16
	22,963.77	19,056.93
4 (xxiii) Decrease/ (increase) in inventories of medical consumables and drugs		
Inventory at the beginning of the year	435.55	384.16
Inventory at the end of the year	424.42	435.55
	11.13	(51.39)

[* Net of trial run expenses/ income, capitalized (refer note 27)]

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xxiv) Employee benefits expense		
Salaries, wages and bonus*	11,979.88	8,611.96
Gratuity expense (refer note 12)	334.75	277.67
Leave encashment	161.01	272.80
Contribution to provident and other funds	635.29	505.68
Staff welfare expenses	377.37	348.40
Recruitment and training*	115.64	116.63
	13,603.94	10,133.14
4 (xxv) Other expenses		
Contractual manpower*	629.53	393.14
Power, fuel and water*	790.90	712.60
Housekeeping expenses including consumables*	514.18	355.54
Patient food and beverages	391.77	298.84
Pathology laboratory expenses*	1,057.30	862.86
Radiology expenses	1,077.85	985.87
Consultation fees to doctors*	895.04	645.64
Professional charges to doctors*	2,851.74	2,550.55
Cost of medical services	101.66	29.94
Repairs and maintenance*		
- Building	84.90	46.68
- Plant and machinery	421.24	319.15
- Others	302.60	201.40
Rent*		
- Hospital building	2,311.49	1,536.39
- Equipments	4.50	0.44
- Others	354.63	201.10
Donations	-	1.00
Legal and professional fee*	1,913.99	1,451.23
Travel and conveyance*	2,458.14	1,740.15
Rates and taxes*	72.64	85.43
Commitment fees	800.00	-
Printing and stationary*	212.84	214.04
Communication expenses*	329.40	222.09
Directors' sitting fees	16.40	13.32
Insurance	246.74	207.59
Marketing and business promotion	1,317.73	882.84
Wealth tax	7.91	6.17
Loss on sale of assets	57.84	109.19
Payment to auditor		

[* Net of trial run expenses/ income, capitalized (refer note 27)]

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
As auditor:		
- Audit fee	46.00	46.00
- Limited review	32.02	28.50
- Tax audit fee	2.50	2.50
- Certification and other services	20.70	0.25
- Out of pocket expenses	10.66	9.32
Foreign exchange fluctuation loss (net)	-	461.01
Balances written off	529.69	29.39
Provision for doubtful debts and advances	544.37	328.91
Provision for contingencies	65.03	140.00
Miscellaneous expenses*	22.28	25.39
	<u>20,496.21</u>	<u>15,144.46</u>

[* Net of trial run expenses/ income, capitalized (refer note 27)]

4 (xxvi) Finance costs

Interest expense		
- on term loans (includes prior period items of ` Nil, Previous year ` 636.82 lacs)	8,434.84	11,636.41
- on cash credit	0.97	135.12
- others	46.89	136.68
	<u>8,482.70</u>	<u>11,908.21</u>
Bank charges	76.57	48.60
Other borrowing costs		
- Amortisation of finance charges	519.09	1,429.66
	<u>519.09</u>	<u>1,429.66</u>
	<u>9,078.36</u>	<u>13,386.47</u>

4 (xxvii) Depreciation and amortisation expense

Depreciation of tangible assets	1,540.13	1,556.05
Amortisation of intangible assets	159.55	790.78
	<u>1,699.68</u>	<u>2,346.83</u>

4 (xxviii) Earnings per share (EPS)

Profit as per statement of profit and loss	2,399.44	1,724.88
Weighted average number of equity shares in calculating Basic EPS	453,356,916	405,193,216
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007 and ESOP 2011	386,744	170,944
Weighted average number of equity shares in calculating Diluted EPS	453,743,660	405,364,160

Bonds (refer note 4 (iii)) issued by the Company, are considered as antidilutive and accordingly, has not been considered for the computation of diluted EPS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**5. Related party disclosures****Names of related parties and related party relationship**

Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited)	
Holding Company	Fortis Healthcare Holdings Private Limited ('FHHPL')	
Subsidiary Companies - direct or indirect through investment in subsidiaries	1	Fortis Hospotel Limited ('FHTL') (refer note 16)
	2	Hiranandani Healthcare Private Limited ('HHPL')
	3	Fortis Health Management (West) Limited ('FHMWL')
	4	Fortis Health Management (North) Limited ('FHMNL')*****
	5	Fortis C-Doc Healthcare Limited ('C-Doc')
	6	Fortis Health Management (East) Limited ('FHMEL')
	7	SRL Limited ('SRL')
	8	SRL Diagnostics Private Limited ('SRDPL')
	9	Fortis Healthcare International Limited ('FHIL')
	10	Fortis Global Healthcare (Mauritius) Limited ('FGHML')
	11	Fortis Hospitals Limited ('FHsL')
	12	Fortis Health Management (South) Limited ('FHMSL')
	13	Lalitha Healthcare Private Limited ('LHPL')
	14	Fortis Malar Hospitals Limited ('FMHL')
	15	Malar Stars Medicare Limited ('MSML')
	16	Escorts Heart Institute And Research Centre Limited ('EHIRCL')
	17	Fortis HealthStaff Limited ('FHSL')
	18	Fortis Asia Healthcare Pte Limited ('FAHPL')
	19	Fortis Healthcare International Pte Limited ('FHIPL')
	20	Fortis Healthcare Australia Pty Ltd ('FHAPL')
	21	Dental Corporation Holdings Limited ('DCHL') (up to May 31, 2013)**
	22	Dental Corporation Pty Limited ('DCPL') (up to May 31, 2013)**
	23	Dental Corporation Petrie Pty Ltd (up to May 31, 2013)**
	24	Dental Corporation Levas Pty Ltd (up to May 31, 2013)**
	25	D C Holdings WA Pty Ltd (up to May 31, 2013)**
	26	Dental Care Network Pty Limited (up to May 31, 2013)**
	27	Dental Corporation (NZ) Limited (up to May 31, 2013)**
	28	Dental Corporation Cox Pty Ltd (up to May 31, 2013)**
	29	Hazel Ridge Pty Limited (up to May 31, 2013)**
	30	John M Levas Pty Limited (up to May 31, 2013)**
	31	Scott Petrie Dental Pty Ltd (up to May 31, 2013)**
	32	Larry Benge Pty Ltd (up to May 31, 2013)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	33	Dr Chris Hardwicke Pty Ltd (up to May 31, 2013)**
	34	Fortis Healthcare Singapore Pte Ltd ('FHSPL')
	35	Radlink Asia Pte Limited (Radlink) ('RADLINK')
	36	Radlink Medicare Pte Limited ('RMPL')
	37	DRS Thompson & Thomson (Radlink Medicare) Pte Limited
	38	Radlink Medicare (Bishan) Pte Limited
	39	Radlink Medicare (Woodlands) Pte Limited
	40	Radlink Medicare (Tampines) Pte Limited
	41	Radlink Medicare (Jurong East) Pte Limited
	42	Clinic 1866 Pte Limited
	43	Radlink Diagnostic Imaging (S) Pte Limited ('RDISPL')
	44	Drs Lim Hoe & Wong Radiology Pte limited
	45	Healthcare Diagnostic Services Pte Limited
	46	Radlink Women & Fetal Imaging Centre Pte Limited
	47	Radlink Pet & Cardiac Imaging Centre Pte Limited ('RADLINK PET')
	48	Singapore Radiopharmaceuticals Pte Limited
	49	Singapore Molecular Therapy Centre Pte Limited
	50	Altai Investments Limited ('ALTAI') (up to October 24, 2013)****
	51	Quality HealthCare Limited ('QHL') (up to October 24, 2013)****
	52	Quality HealthCare Hong Kong Limited (up to October 24, 2013)****
	53	Green Apple Associates Limited (up to October 24, 2013)****
	54	Quality HealthCare Medical Services Limited (up to October 24, 2013)****
	55	Fortis HealthCare Hong Kong Limited ('Fortis Honkong') (up to October 24, 2013)****
	56	Quality Healthcare Medical Services (Macau) Limited (up to October 24, 2013)****
	57	Quality HealthCare Chinese Medicine Limited ('QHCML') (up to October 24, 2013)****
	58	Marvellous Way Limited (up to October 24, 2013)****
	59	Universal Lane Limited ('ULL') (up to October 24, 2013)****
	60	DB Health Services Limited (up to October 24, 2013)****
	61	Quality HealthCare Medical Centre Limited (up to October 24, 2013)****

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	62	Quality HealthCare Professional Services Limited (up to October 24, 2013)****
	63	SmartLab Limited (up to October 24, 2013)****
	64	GlobalRx Limited (up to October 24, 2013)****
	65	Allied Medical Practices Guild Limited (up to October 24, 2013)****
	66	Fortis Hospitals Hong Kong Limited (up to October 24, 2013)****
	67	Normandy (Hong Kong) Limited ('NHKL') (up to October 24, 2013)****
	68	Great Option Limited (Hong Kong) (up to October 24, 2013)****
	69	Healthcare Opportunities Limited ('HOL') (up to October 24, 2013)****
	70	TCM Products Limited ('TCM') (up to October 24, 2013)****
	71	GHC Holdings Limited ('GHC') (up to October 24, 2013)****
	72	Case Specialist Limited (up to October 24, 2013)****
	73	Jadeast Limited (up to October 24, 2013)****
	74	Jadefairs International Limited (up to October 24, 2013)****
	75	Jadway International Limited (up to October 24, 2013)****
	76	Megafaith International Limited (up to October 24, 2013)****
	77	Jadison Investment Limited (up to October 24, 2013)****
	78	Berkshire Group Limited (up to October 24, 2013)****
	79	Central Medical Diagnostic Centre Limited ('CMDCL') (up to October 24, 2013)****
	80	Central MRI Centre Limited (up to October 24, 2013)****
	81	Central Medical Laboratory Limited (up to October 24, 2013)****
	82	Central PET/CT Scan Limited (up to October 24, 2013)****
	83	Portex Limited (up to October 24, 2013)****
	84	Quality HealthCare Services Limited ('QHCSL') (up to October 24, 2013)****
	85	Quality HealthCare Psychological Services Limited ('QHCPSL') (up to October 24, 2013)****
	86	Quality EAP (Macau) Limited (up to October 24, 2013)****
	87	Quality HealthCare Dental Services Ltd (up to October 24, 2013)****
	88	Quality HealthCare Physiotherapy Services Limited (up to October 24, 2013)****

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	89	Quality HealthCare Nursing Agency Limited (up to October 24, 2013)****
	90	Dynamic People Group Limited (up to October 24, 2013)****
	91	Mena Healthcare Investment Company Limited ('MHICL')
	92	Super Religare Laboratories International FZ LLC
	93	Swindon Limited (SL) (up to August 20, 2013)***
	94	VOF PE Holdings 2 Limited ('VOFPEHL') (up to August 20, 2013)***
	95	Fortis Hoan My Medical Corporation ('HOAN') (up to August 20, 2013)***
	96	Fortis Hoan My Saigon General Hospital Joint Stock Company ('MY SAIGON') (up to August 20, 2013)***
	97	Hoan My Clinic Co. Ltd (up to August 20, 2013)***
	98	Hoan My Da Nang General Hospital Joint Stock Company (up to August 20, 2013)***
	99	Hue Hoan My General Hospital Joint Stock Company (up to August 20, 2013)***
	100	Hoan My Cuu Long General Hospital Joint Stock Company (up to August 20, 2013)***
	101	Hoan My Da Lat General Hospital Joint Stock Company (up to August 20, 2013)***
	102	Fortis Healthcare Vietnam Company Limited (up to August 20, 2013)***
	103	Medical Management Company Limited
	104	Religare Health Trust (RHT)* (up to October 19, 2012)
	105	International Hospital Limited (IHL)* (up to October 19, 2012)
	106	Escorts Heart and Super Speciality Institute Limited (EHSSIL)* (up to October 19, 2012)
	107	Escorts Hospital and Research Centre Limited (EHRCL)* (up to October 19, 2012)
	108	Escorts Heart and Super Speciality Hospital Limited (EHSSHL)* (up to October 19, 2012)
	109	Kanishka Healthcare Limited (KHL)* (up to October 19, 2012)
	110	Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL)* (up to October 19, 2012)
	111	Hospitalia Eastern Private Limited (HEPL)* (up to October 19, 2012)
	112	Fortis Healthcare Middle East LLC
	113	Healthcare Clinic and Surgery Pte. Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Companies (5) and (6) of above are subsidiaries of FHsL; Company (8) of above is subsidiary of SRL; Company (10) of above is a subsidiary of FHIL; Companies (12) and (14) of above are subsidiaries of FHsL; Company (13) of above is subsidiary of FHMSL; Company (15) above is a subsidiary of FMHL; Companies (17) and (18) are subsidiaries of EHIRCL; Company (19) of above is subsidiary of FAHPL; Company (20), (34), (50), (91), (92), (93), (94), (102) and (112) of above are subsidiaries of FHIPL; Company (21) of above is subsidiary of FHAPL; Company (22) of above is subsidiary of DCHL; Companies (23) to (33) of above are subsidiaries of DCPL; Company (35) of above is subsidiary of FHSPL; Companies (36) and (43) of above are subsidiaries of RADLINK; Companies (37) to (42) of above are subsidiaries of RMPL; Companies (44) to (47) of above are subsidiaries of RDISPL; Companies (48) and (49) of above are subsidiaries of RADLINK PET; Companies (51), (54), (55), (83) and (84) of above are subsidiaries of ALTAI; Companies (52) and (53) are subsidiaries of QHL; Companies (56), (57), (59), (61) to (67), (69), (78) and (79) are subsidiaries of FORTIS HONKONG; Company (58) of above is subsidiary of QHCML; Company (60) of above is subsidiary of ULL; Company (68) of above is subsidiary of NHKL; Company (70) of above is subsidiary of HOL; Company (71) of above is subsidiary of TCM; Companies (72) to (77) of above are subsidiaries of GHC; Companies (80) to (82) are subsidiaries of CMDCL; Companies (85) and (87) to (90) are subsidiaries of QHCSL; Company (86) of above is subsidiary of QHCPSL; Company (97) of above is subsidiary of VOFPEHL; Companies (96), (98), (100) and (101) are subsidiaries of HOAN; Company (97) of above is subsidiary of My SAIGON; Company (103) of above is subsidiary of MHICL; Company (99) of above is a subsidiary of Company (98).	
Fellow Subsidiary (with whom transactions have been taken place)	Religare Wellness Limited	
Associates	a)	Sunrise Medicare Private Limited
	b)	Fortis Hospital Management Limited
	c)	Medical and Surgical Centre Limited, Mauritius (Associate of Fortis Healthcare International Limited)
	d)	Religare Health Trust (RHT)* (Associate of Fortis Healthcare International Limited)
	e)	Fortis Medicare International Limited (Associate of Fortis Healthcare International Limited)
	f)	Lanka Hospitals Corporation PLC (Associate of Fortis Healthcare International Pte. Limited)
	g)	Town Hall Clinic (Associate of Fortis Healthcare Singapore Pte. Limited)
	h)	Hoan My Minh Hai General Hospital Joint Stock Company (Associate of SL and VOFPEHL) (up to August 20, 2013)***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	i)	Hoan My Orb Corporation (Associate of SL and VOFPEHL) (up to August 20, 2013)***
	j)	International Hospital Limited (IHL)*
	k)	Escorts Heart and Super Speciality Institute Limited (EHSSIL)*
	l)	Escorts Hospital and Research Centre Limited (EHRCL)*
	m)	Escorts Heart and Super Speciality Hospital Limited (EHSSHL)*
	n)	Kanishka Healthcare Limited (KHL)*
	o)	Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL)*
	p)	Hospitalia Eastern Private Limited (HEPL)*
	r)	Fortis Emergency Services Limited
Joint Ventures	a)	Super Religare Reference Laboratories (Nepal) Private Limited (Joint venture of SRL)
	b)	DDRC SRL Diagnostics Services Private Limited (Joint venture of SRLDPL)
	c)	Fortis Cauvery, Partnership firm (Joint venture of FHMSL)
Key Management Personnel ('KMP')	Mr. Malvinder Mohan Singh – Executive Chairman	
	Mr. Shivinder Mohan Singh - Executive Vice Chairman	
	Mr. Balinder Singh Dhillon - Executive Director (up to February 11, 2014)	
Enterprises owned or significantly influenced by key management personnel or their relatives	a)	Religare Capital Market Plc.
	b)	Fortis Nursing and Education Society
	c)	Ligare Travels Limited
	d)	Religare Technova IT Services Limited
	e)	Oscar Investments Limited
	f)	Ligare Aviation Limited (Formerly "Religare Aviation Limited")
	g)	Malav Holdings Limited
	h)	Shivi Holdings Limited
	i)	Religare Voyages Business Services Pvt Limited
	j)	Religare Technologies Limited
	k)	Religare Capital Market Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**The schedule of Related Party Transactions is as follows:****(` in lacs)**

Transactions details	Year Ended March 31, 2014	Year Ended March 31, 2013
Transactions during the year		
Management support expenses allocated to related parties		
Fortis Hospotel Limited (Subsidiary)	-	213.41
Fortis Health Management (North) Limited (Subsidiary) *****	-	841.01
Operating income (including Income from medical services, Management fees from hospitals, Income from rehabilitation centre, Rental, Pharmacy income and other income)		
Fortis Hospitals Limited (Subsidiary) *****	177.00	25.55
Sunrise Medicare Private Limited (Associate)	6.00	6.00
Fortis Nursing and Education Society (Owned/significantly influenced by KMP/their relatives)	33.47	56.53
Escorts Heart Institute and Research Centre Limited (Subsidiary)	-	59.70
SRL Limited (Subsidiary)	63.00	68.62
Fortis Health Management (North) Limited (Subsidiary) *****	-	495.90
Expense incurred by the Company on behalf of		
Fortis Health Management (West) Limited (Subsidiary)	-	4.33
Fortis Health Management (East) Limited (Subsidiary)	-	28.61
International Hospital Limited (Subsidiary)*	0.11	-
Escorts Heart Institute and Research Centre Limited (Subsidiary)	2.90	62.51
Fortis Health Management (North) Limited (Subsidiary) *****	-	3.30
Fortis Hospotel Limited (Subsidiary)	0.37	105.70
Fortis Health Management Limited (Associates)*	28.19	-
Fortis Malar Hospitals Limited (Subsidiary)	0.38	0.86
Fortis Hospitals Limited (Subsidiary) *****	186.38	518.69
Hiranandani Healthcare Private Limited (Subsidiary)	0.65	3.57
SRL Limited (Subsidiary)	-	19.19
Escorts Heart and Super Speciality Institute Limited (Associates)	0.33	-
Dion Global Solutions Limited (Enterprises owned or significantly influence by KMPs or their relatives)	1.77	-
Fortis Nursing & Education Society (Enterprises owned or significantly influence by KMPs or their relatives)	43.96	-
Expense incurred on behalf of the Company by		
SRL Limited (Subsidiary)	17.23	99.95
Fortis Health Management (North) Limited (Subsidiary) *****	-	1,154.40
Escorts Heart Institute and Research Centre Limited (Subsidiary)	71.47	6.33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Transactions details	Year Ended March 31, 2014	Year Ended March 31, 2013
Hiranandani Healthcare Private Limited (Subsidiary)	35.88	89.73
Escorts Heart and Super Speciality Institute Limited (Associates)	1.50	-
Fortis Hospotel Limited (Subsidiary)	-	354.46
Fortis C-Doc Healthcare Limited (Subsidiary)	-	0.30
Fortis Global Healthcare Infrastructure Pte. Limited (Subsidiary)*	-	5.68
Fortis Malar Hospitals Limited (Subsidiary)	2.88	9.49
Lalitha Healthcare Private Limited (Subsidiary)	-	0.86
Fortis Hospitals Limited (Subsidiary) *****	497.71	209.55
International Hospital Limited (Associate)*	800.00	-
Fortis Nursing and Education Society (Owned/significantly influenced by KMP/their relatives)	-	9.16
Interest income on loans and advances to		
International Hospital Limited (Subsidiary)*	-	838.88
Fortis Hospitals Limited (Subsidiary) *****	10,648.55	-
Escorts Heart Institute and Research Centre Limited (Subsidiary)	4,138.70	2,749.83
Fortis Healthcare International Limited (Subsidiary)	4,502.08	2,357.47
Fortis Health Management (North) Limited (Subsidiary) *****	-	11,896.13
Fortis Health Management (West) Limited (Subsidiary)	3.24	3.95
SRL Limited (Subsidiary)	-	5.12
Hiranandani Healthcare Private Limited (Subsidiary)	494.26	444.49
Loans/ advances given		
International Hospital Limited (Subsidiary)*	-	2,821.05
Fortis Healthcare International Limited (Subsidiary)	47,425.83	1,897.61
Fortis Hospitals Limited (Subsidiary)	181,035.51	-
Fortis Health Management (North) Limited (Subsidiary) *****	-	70,394.65
Fortis Health Management (West) Limited (Subsidiary)	3.56	7.40
Escorts Heart Institute and Research Centre Limited (Subsidiary)	46,122.95	67,242.43
Hiranandani Healthcare Private Limited (Subsidiary)	5,250.04	988.34
Loans/ advances received back		
International Hospital Limited (Subsidiary)*	-	12,230.03
Hiranandani Healthcare Private Limited (Subsidiary)	5,260.00	204.00
Fortis Healthcare International Limited (Subsidiary)	27,142.50	-
Fortis Health Management (North) Limited (Subsidiary) *****	-	104,230.00
Fortis Health Management (West) Limited (Subsidiary)	-	100.00
Fortis Hospitals Limited (Subsidiary)	171,386.00	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Transactions details	Year Ended March 31, 2014	Year Ended March 31, 2013
SRL Limited (Subsidiary)	-	150.00
Escorts Heart Institute and Research Centre Limited (Subsidiary)	54,769.00	52,195.72
Consultation fees to doctors		
Fortis Hospitals Limited (Subsidiary)	15.69	-
Pathology laboratory expenses		
SRL Limited (Subsidiary)	1,024.08	856.52
Cost of Medical Services		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	101.66	29.94
Employee Benefit		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	1.50	22.10
Travel and conveyance expenses		
Ligare Travels Limited (Owned/significantly influenced by KMP/their relatives)	137.56	184.08
Ligare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	367.14	179.67
Marketing expenses		
Fortis Emergency Services Limited (Associates)	5.80	-
Managerial remuneration		
Shivinder Mohan Singh (KMP)	537.83	539.28
Malvinder Mohan Singh (KMP)	522.00	-
Transfer of CWIP		
Fortis Hospitals Limited (Subsidiary)*****	567.08	-
Corporate Guarantees given to banks for loans availed by		
Fortis Hospitals Limited (Subsidiary) *****	5,000.00	11,000.00
Escorts Heart Institute and Research Centre Limited (Subsidiary)	-	5,000.00
SRL Limited (Subsidiary)	-	15,000.00
Fortis Health Management (North) Limited (Subsidiary) *****	-	22,220.00
Hiranandani Healthcare Private Limited (Subsidiary)	-	1,500.00
Fortis Asia Healthcare Pte Limited (Subsidiary)	-	217,140.00
Fortis C-Doc Healthcare Limited (Subsidiary)	-	1,031.00
Corporate guarantee withdrawn for loans taken by		
Fortis Hospotel Limited (Subsidiary)	-	6,000.00
Fortis Hospitals Limited (Subsidiary) *****	10,500.00	50,000.00
Escorts Heart and Super Speciality Institute Limited (Subsidiary)*	-	40,000.00
International Hospital Limited (Subsidiary)*	-	16,900.00
SRL Limited (Subsidiary)	1,200.00	4,000.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Transactions details	Year Ended March 31, 2014	Year Ended March 31, 2013
Kanishka Healthcare Limited (Subsidiary)*	-	17,600.00
Fortis Health Management Limited (Associates)*	-	6,500.00
Hiranandani Healthcare Private Limited (Subsidiary)	6,000.00	-
Fortis Asia Healthcare Pte Limited (Subsidiary)	217,140.00	-
License user agreement fees		
RHC Holding Private Limited (Ultimate holding Company)	1.12	1.00
Linen Purchased		
Fortis Hospitals Limited (Subsidiary) *****	16.86	2.81
Redemption of preference share capital (including premium)		
RHC Holding Private Limited (Ultimate Holding Company)	8,478.27	-
Collection on behalf of Company:		
Fortis Health Management (North) Limited (Subsidiary) *****	-	1.86
Fortis Hospitals Limited (Subsidiary) *****	18.34	-

Balance outstanding at the year end	As at March 31, 2014	As at March 31, 2013
Loans / advances recoverable		
International Hospital Limited (Associate)*	6.03	-
Fortis Hospitals Limited (Subsidiary) *****	73,601.06	147.15
Hiranandani Healthcare Private Limited (Subsidiary)	4,193.38	4,203.34
Religare Wellness Limited (Fellow Subsidiary)	7.19	7.19
Escorts Heart Institute and Research Centre Limited (Subsidiary)	14,295.66	22,941.71
Fortis Health Management Limited (Associates)	25.48	-
Fortis Healthcare International Limited (Subsidiary)	70,723.67	47,638.51
Fortis Health Management (West) Limited (Subsidiary)	32.41	33.18
Dion Global Solutions Limited (Enterprises owned or significantly influence by KMPs or their relatives)	1.77	-
Fortis Health Management (North) Limited (Subsidiary) *****	-	63,196.17
Lalitha Healthcare Private Limited (Subsidiary)	0.96	0.96
Fortis Health Management (East) Limited (Subsidiary)	29.88	32.95
Fortis Asia Healthcare Pte. Limited (Subsidiary)	51.00	51.00
Interest accrued and due/but not due on loans given		
Hiranandani Healthcare Private Limited (Subsidiary)	444.84	400.04
Escorts Heart Institute and Research Centre Limited (Subsidiary)	3,724.83	2,473.95
Fortis Health Management (North) Limited (Subsidiary) *****	-	10,684.28
Fortis Health Management (West) Limited (Subsidiary)	2.92	3.56
Fortis Healthcare International Limited (Subsidiary)	7,620.62	3,786.48
Fortis Hospitals Limited (Subsidiary)	9,583.70	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Balance outstanding at the year end	As at March 31, 2014	As at March 31, 2013
Trade receivables		
Sunrise Medicare Private Limited (Associate)	18.09	12.02
Hiranandani Healthcare Private Limited (Subsidiary)	-	72.79
SRL Limited (Subsidiary)	-	51.29
Fortis Health Management (North) Limited (Subsidiary) *****	-	2,216.58
Fortis Hospitals Limited (Subsidiary)	1,671.82	-
Fortis Nursing & Education Society (Enterprises owned or significantly influence by KMPs or their relatives)	22.77	-
Trade payables and other liabilities		
SRL Limited (Subsidiary)	98.05	65.88
Fortis Malar Hospitals Limited (Subsidiary)	8.79	2.68
Fortis Hospotel Limited (Subsidiary)	5.05	-
Hiranandani Healthcare Private Limited (Subsidiary)	0.40	-
Fortis HealthStaff Limited (Subsidiary)	-	21.45
Fortis Health Management (North) Limited (Subsidiary) *****	-	14.22
Ligare Aviation Limited (Owned/significantly influenced by KMP/ their relatives)	107.01	7.62
Ligare Travel Limited (Owned/significantly influenced by KMP/ their relatives)	-	1.86
Fortis Hospitals Limited (Subsidiary) *****	1,471.17	126.15
Escorts Heart Institute and Research Centre Limited (Subsidiary)	893.32	208.80
Investments		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	71,894.80	71,894.80
Fortis Hospotel Limited (Subsidiary)	20,739.71	20,739.71
Fortis Hospitals Limited (Subsidiary) *****	40,210.58	40,205.58
SRL Limited (Subsidiary)	80,368.53	80,368.53
Fortis Health Management (North) Limited (Subsidiary) *****	-	5.00
Hiranandani Healthcare Private Limited (Subsidiary)	3,040.00	3,040.00
Fortis Healthcare International Limited (Subsidiary)	14,744.49	14,744.49
Fortis Health Management (West) Limited (Subsidiary)	5.00	5.00
Fortis Medicare International Limited (Associate)	4.75	4.75
Sunrise Medicare Private Limited (Associate)	0.31	0.31
Corporate guarantee given for loans availed by		
Hiranandani Healthcare Private Limited (Subsidiary)	-	6,000.00
Fortis Hospitals Limited (Subsidiary) *****	32,720.00	12,500.00
SRL Limited (Subsidiary)	19,500.00	20,700.00
Escorts Heart Institute and Research Centre Limited (Subsidiary)	6,500.00	6,500.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Balance outstanding at the year end	As at March 31, 2014	As at March 31, 2013
Fortis Health Management (North) Limited (Subsidiary) *****	-	25,720.00
Fortis C-Doc Healthcare Limited (Subsidiary)	1,031.00	1,031.00
Fortis Asia Healthcare Pte Limited (Subsidiary)	-	217,140.00

Notes:

- * During the year ended March 31, 2013, on listing of Religare Health Trust (RHT) at Singapore Exchange Securities Trading Limited on October 19, 2012, stake of the Group in RHT along with its subsidiaries has been diluted to 28%.
- ** During the current year ended March 31, 2014, Fortis Healthcare Australia Pty Limited (FHA), a wholly owned subsidiary of the Company divest entire stake in Dental Corporation Holdings Limited ("DC"), Australia and its subsidiaries on May 31, 2013.
- *** During the current year ended March 31, 2014, Fortis Healthcare International Pte Ltd., a subsidiary of the Company divest entire stake in Fortis Hoan My Medical Corporation (Vietnam) and its subsidiaries on August 20, 2013.
- **** During the current year ended March 31, 2014, Fortis Healthcare International Pte Ltd., a wholly subsidiary of the Company divest entire stake in Altai Investments Limited, the holding Company of Quality Healthcare, Hongkong and its subsidiaries on October 24, 2013.
- ***** During the current year, Hon'ble High Court of Delhi approved the scheme of amalgamation ('the scheme') of Fortis Health Management (North) Limited ('FHMNL') with Fortis Hospitals Limited ('FHsL'), both wholly owned subsidiaries of the Company. The scheme became effective from September 1, 2013 with appointed date as April 1, 2012.

6. Leases**(a) Assets taken on Operating Lease:**

Hospital/ Office premises and few medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total lease payments in respect of such leases recognised in the statement of profit and loss for the year are ` 2,670.62 lacs (Previous year ` 1,737.93 lacs) and capitalized during the year are ` 1,341.99 lacs (Previous year ` 1,345.44 lacs).

The total future minimum lease payments under the non-cancellable operating leases are as under:

(` in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Minimum lease payments :		
Not later than one year	3,105.70	2,713.67
Later than one year but not later than five years	11,647.13	11,141.91
Later than five years	1,170.73	3,112.03

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**(b) Assets given on Operating Lease**

- i) The Company has sub- leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the statement of profit and loss for the year are ` 116.76 lacs (Previous year ` 105.45 lacs).
- ii) The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its Associates. The lease term is for 3 years and thereafter renewable at the option of the lessor. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. The details of the capital assets given on operating lease are as under:

(` in lacs)

Particulars	As at March 31, 2014			As at March 31, 2013		
	Gross Block	Accu- mulated Deprecia- tion	Net Block	Gross Block	Accu- mulated Deprecia- tion	Net Block
Plant and Machinery	96.66	77.17	19.49	96.66	67.16	29.50
Medical Equipments	4,045.65	1,922.00	2,123.65	3,947.00	1,745.57	2,201.43
Furniture and Fittings	177.73	105.70	72.03	154.75	98.51	56.24
Computers	120.25	119.90	0.35	117.94	117.94	-
Office Equipments	33.15	10.87	22.29	33.15	9.25	23.90
Vehicles	48.70	21.76	26.93	48.70	20.57	28.13
Total	4,522.14	2,257.40	2,264.74	4,398.20	2,059.00	2,339.20

The total lease payments received in respect of such leases recognised in the statement of profit and loss account for the year are ` 910.59 lacs (Previous year ` 885.28 lacs).

The totals of future minimum lease payments receivable under the non-cancellable operating leases are as under:

(` in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Minimum lease payments :		
Not later than one year	941.05	948.70
Later than one year but not later than five years	235.26	1,423.04
Later than five years	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**7. Long term borrowings****(i) Secured Loans****(` in lacs)**

Particulars	31-Mar-14	31-Mar-14	31-Mar-13	31-Mar-13
	Non Current	Current	Non Current	Current
Term loan from a body corporate	13,475.00	1,983.33	15,458.33	1,575.00

Term Loan from L&T Infrastructure Finance Company Limited (“lender”) was taken in financial year 2011-2012 and is secured by a first pari passu charge by way of mortgage of the Company’s immovable properties, present and future. Further secured by a first pari passu charge by way of hypothecation of the Company’s movable assets, including movable machinery, machinery spares, tools and accessories, present and future. Also, secured by a second pari passu charge by way of hypothecation on the Company’s book debts, operating cash flows and the receivables and revenues, current assets commissions and revenues of whatsoever nature and wherever arising, both present and future. Further, there is an exclusive pledge of shareholding of the Company in SRL Limited in favour of the lender, to the extent of at least 2 times of the facility amount, to be maintained at all times during the subsistence of the facility. The rate of interest for each tranche of facility shall be Prime Lending rate less 3.75% per annum, payable monthly. On July 31, 2013 Lender assigned ` 10,000 lacs to L&T Fincorp Limited out of outstanding amount of ` 16,683.33 lacs as on that date. The loan is repayable in 84 structured monthly instalments, after a moratorium of 12 months from the date of first disbursement to the Company. As at March 31, 2014, ` 6,192.60 lacs (Previous year ` 17,033.33 lacs) is payable to L&T Infrastructure Finance Company Limited and ` 9,265.73 lacs (Previous year ` Nil) is payable to L&T Fincorp Limited.

(ii) Unsecured Loans - Bonds**(` in lacs)**

Particulars	Note	31-Mar-14	31-Mar-14	31-Mar-13	31-Mar-13
		Non Current	Current	Non Current	Current
5% Foreign currency convertible bonds	18	60,059.36	-	54,285.00	-
4.66%+LIBOR Foreign currency convertible bonds	19	18,017.80	-	-	-
4.86%+LIBOR Foreign currency convertible bonds	20	33,032.64	-	-	-

(iii) Unsecured Loans – Deferred payment liabilities**(` in lacs)**

Particulars	31-Mar-14	31-Mar-14	31-Mar-13	31-Mar-13
	Non Current	Current	Non Current	Current
Deferred payment facilities	581.37	763.90	-	-

Deferred payment facility has been taken for purchase of radiotherapy machine for USD 1,936,000. The amount is repayable in 2 equal instalments. First instalment of USD 968,000 is due on June 20, 2014 and second instalment of USD 968,000 is due on March 15, 2016.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Further, another facility is taken from Siemens financial services for Oracle licences. The Loan is repayable in 8 quarterly payments starting from August 2013 and will end on March 2015.

8. Short term borrowings**(i) Secured Loans****(` in lacs)**

Particulars	Note	31-Mar-14	31-Mar-13
Non convertible debentures	(a)	-	30,000.00
Bank overdraft	(b)	-	56.49

- a) 10% Redeemable Non Convertible Debentures were issued on September 24, 2012 redeemable at par, at the end of one year from the date of allotment. The debentures were secured by way of first pari passu charge over the free hold land of the Company located in State of Gujarat in favour of Debenture trustee. The debentures were redeemed on October 29, 2013.
- b) Overdraft limit of ` 1,000 lacs is secured by way of first pari passu charge over moveable fixed assets at Mohali hospital. Further, secured by first pari passu charge over stocks and book debts and carry interest rate ranging from 12.50% to 13.00% per annum.

9. Commitments:**(` in lacs)**

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Estimated amount of contracts remaining to be executed on capital account [net of capital advances of ` 342.40 lacs (Previous Year ` 108.65 lacs)]	1,697.76	2,268.47

- (b) Going concern support in form of funding and operational support letters issued by the Company in favour of FHMWL, FHMSL, Fortis C-Doc Healthcare Limited, FHMEML, LHPL, HHPL, Fortis Cauvery, FAHPL, FHIL & FGHML.
- (c) For commitments relating to lease arrangements, refer note 6.

10. Contingent liabilities (not provided for) in respect of:**(` in lacs)**

Particulars	As at March 31, 2014	As at March 31, 2013
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	796.68	471.18

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	As at March 31, 2014	As at March 31, 2013
The Company is under litigation with the Income Tax Department against certain income tax demands on account of deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors, u/s 201(1)/201(1A) for the assessment years 2010-11, 2011-12 and 2012-13, thereby raising demands of ` 239.92 lacs (Previous year ` 239.92 lacs), ` 261.49 lacs (Previous year ` 261.49 lacs) and ` 77.61 lacs (Previous year ` Nil) respectively. Company has filed appeals with the Commissioner of Income Tax (Appeals), Chandigarh which is pending for disposal. Based on expert opinion obtained, the management believes that the Company has good chance of success in this case.	579.02	501.41
The Excise & Taxation Commissioner cum Designated Officer-Mohali had passed an assessment order dated October 08, 2013 under Punjab Value Added Tax Act, 2005 ('PVAT') thereby raising a demand of ` 1,412.35 lacs (Previous year ` Nil) [including penalty ` 741.39 lacs (Previous year ` Nil) and interest of ` 300.26 lacs (Previous year ` Nil)] holding that the assessee was liable to pay tax on the medical consumables used on in-patients and out-patients and has contravened the provisions of Section 29(2) of PVAT. Company is in appeal before the Hon'ble High Court of Punjab and Haryana against the aforesaid order of Deputy Excise & Taxation Commissioner. Hon'ble High Court admitted appeal filed by the Company and further, granted stays on assessment order vide its order dated January 15, 2014. Based on expert opinion obtained and the favourable decision of the Allahabad High Court in the case of an associate company in similar matter, the management believes that the Company has good chance of success in this case.	1,412.35	-
The Commissioner of Service-tax, Chandigarh has passed an Order dated March 14, 2014 under Finance Act, 1994 alleging the assessee is liable to pay service-tax on support services of business or commerce provided to doctors, thereby raising demand of ` 215.34 lacs (Previous year ` Nil). The Company is planning to file an appeal before appellate authorities. Based on expert opinion obtained, the management believes that the Company has good chance of success in this case.	215.34	-
Premium on redemption of US\$ 100 Million 5% Foreign Currency Convertible Bonds due 2015 (Refer note 18 below).	-	986.62
Corporate guarantee given to financial institutions/ banks in respect of financial assistance availed by subsidiaries and associates of the Company. None of the corporate guarantee have been evoked by the Banks/ Financial institutions during the year as the subsidiaries and associates of the Company have complied with the loan covenants.		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	As at March 31, 2014	As at March 31, 2013
- IDBI Bank	-	4,500.00
- Yes Bank	-	5,000.00
- Axis Bank	13,251.00	8,250.00
- Royal Bank of Scotland	1,500.00	3,000.00
- HDFC Bank Limited	12,000.00	11,000.00
- GE Money Financial Services Private Ltd	14,500.00	14,500.00
- GE Capital Services India Ltd	5,000.00	5,000.00
- ICICI Bank Ltd	20,000.00	20,000.00
- Standard Chartered Bank	-	217,140.00
- Kotak Mahindra Bank	-	1,200.00
Others	6.47	6.47

11. Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the year ended March 31, 2011 and 200,000 options (Grant V) were granted during the year ended March 31, 2012. During the previous year 4,050,000 options (Grant VI) were granted under Plan 'B'. Further during the current year 3,715,000 options (Grant VII) were granted under Plan 'B'. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share price of the Company during the year was ` 100.25 (Previous year ` 101.52). As at March 31, 2014, the following scheme was in operation:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10	12-Sep-11	23-Feb-12	10-Jun-13
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	12-Aug-11	12-Aug-11
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	19-Sep-11	19-Sep-11
Number of options granted	458,500	33,500	763,700	1,302,250	200,000	4,050,000	37,15,000
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015	September 12, 2012 to September 11, 2016	23-Feb-15	10-Jun-16
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20	11-Sep-21	22-Feb-19	09-Jun-20

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2014		March 31, 2013	
	Number of options	Weighted Average Exercise Price (`)	Number of options	Weighted Average Exercise Price (`)
Outstanding at the beginning of the year	4,535,330	117.40	5,975,810	117.80
Granted during the year	3,715,000	91.00	-	-
Forfeited during the year	2,397,920	103.62	1,412,860	119.98
Exercised during the year	14,800	72.58	27,620	72.42
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,837,610	106.38	4,535,330	117.40
Exercisable at the end of the year	276,330	135.48	328,070	126.63
Weighted average remaining contractual life (in years)	6.46	-	6.09	-
Weighted average fair value of options granted (in `)	37.47	-	34.11	-

The details of exercise price for stock options outstanding at the end of the year are:

Particulars	March 31, 2014	March 31, 2013
Range of exercise prices	` 50.00 to ` 158.00	` 50.00 to ` 158.00
Number of options outstanding	5,837,610	4,535,330
Weighted average remaining contractual life of options (in years)	6.46	6.09
Weighted average exercise price (in `)	106.38	117.40

Stock Options granted

The weighted average fair value of stock options granted during the year is ` 36.59 (Previous year ` Nil). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2014	March 31, 2013
Exercise Price	` 50.00 to ` 158.00	` 50.00 to ` 158.00
Expected Volatility	6.42% to 34%	6.42% to 34%
Life of the options granted (Vesting and exercise period) in years	6.5 years	6.5 years
Expected dividends	-	-
Average risk-free interest rate	7.31% to 8.70%	7.50% to 8.70%
Expected dividend rate	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
Profit as reported	2,399.44	1,724.88
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	(627.37)	(412.17)
Proforma profit	1,772.07	1,312.71
Earnings Per Share (In `)		
Basic		
- As reported	0.53	0.43
- Pro forma	0.39	0.32
Diluted		
- As reported	0.53	0.43
- Pro forma	0.39	0.32

The fair value of total option outstanding at the year end is ` 2,187.19 lacs (Previous year ` 1,547.03 lacs) and these shall vest over a period of 3-5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been ` 627.37 lacs (Previous year ` 412.17 lacs).

12. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':**Defined Benefit Plan**

The Company has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following table summarizes the components of net benefit expenses recognised in the statement of profit and loss and the amounts recognized in the balance sheet.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	Gratuity (Unfunded)	Gratuity (Unfunded)
	2013-2014	2012-2013
Statement of Profit & Loss		
Net employee benefit expenses (recognized in Personnel Expenses / Capitalized under Capital work in progress)		
Current Service cost	164.70	119.34
Interest Cost on benefit obligation	51.35	41.17
Expected return on plan assets	-	-
Actuarial loss/ (gain) recognised during the year	118.70	129.47
Net benefit expense	334.75	289.98
Balance sheet		
Details of Provision for Gratuity as at year end		
Present value of defined benefit obligation	881.24	737.55
Fair value of plan assets	-	-
Surplus/ (deficit) of funds	(881.24)	(737.55)
Net asset/ (liability)	(881.24)	(737.55)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	737.55	491.36
Current Service cost	164.70	119.34
Interest Cost on benefit obligation	51.35	41.17
Benefits paid	(191.06)	(43.79)
Actuarial (loss)/ gain recognised during the year	118.70	129.47
Closing defined benefit obligation	881.24	737.55

The Principal assumptions used in determining gratuity obligation for the Company's plan are shown below:

Particulars	As at March 31, 2014	As at March 31, 2013
Discount rate	9.25%	8.00%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) Modified) ULT	Indian Assured Lives Mortality (2006-08) Modified) ULT
Withdrawal/ Employee Turnover Rate		
Age upto 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**Experience history for the current and previous four periods are as follows:****(` in lacs)**

	Year ending				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Defined benefit obligation at the end of the period	(881.24)	(737.55)	(491.36)	(212.17)	(245.93)
Plan assets at the end of the period	-	-	-	-	-
Surplus/ (deficit)	(881.24)	(737.55)	(491.36)	(212.17)	(245.93)
Experience gain/ (loss) adjustment on plan liabilities	(211.51)	(101.33)	(85.50)	(75.29)	49.94
Experience gain/ (loss) adjustment on plan assets	-	-	-	-	-
Actuarial gain/ (loss) due to change on assumptions	92.81	(36.12)	28.21	-	5.01

Notes:

- a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) ` Nil (Previous year ` 12.31 lacs) out of the net benefit expenses, as above, has been allocated to subsidiaries and one body corporate.

13. The Company has entered into 'Operation and Management' agreement with entities which are into hospital operations, in terms of which, the Company is responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee in this case is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.

14. Restructuring

The Group had completed following restructuring during the previous year:-

- a. The Group's primary business consists of provision of Hospital Services through various entities. The Company initiated internal restructuring within the Group with a view to streamline and focus Group companies' resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light models. Subsequent to the internal restructuring completed during the year, the business of certain identified hospitals of the Group are being divided into the following two verticals, such that they are managed under different verticals whilst continuing to have mutual interdependencies:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- (i) One vertical (the “Clinical Establishments Division”) will own, maintain and operate clinical establishments (being fully air conditioned institutions established, and specifically customized and duly fitted with all fixtures, fittings, certain medical equipment and infrastructure required for running and operating the hospitals), along with providing services under outpatient division and radio-diagnostic services (hereinafter referred to as the “Clinical Establishment Services”).
- (ii) The other vertical (the “Medical Services Division”) will undertake the business of running the hospital operations, being hereinafter referred to as provision of medical services, including in-patient services and emergency services (“Medical Services”).
- b. Religare Health Trust (RHT) made an offering of 567,455,000 common units at S\$ 0.90 per common unit. Post listing of RHT on SGX-ST on October 19, 2012, Group’s shareholding in RHT has been diluted from 100% to 28%.

15. As part of Sponsor Agreement entered between The Trustee-Manager of RHT, FGHIPL and Hospital Service Companies (collectively referred as ‘Indemnified parties’) with the Company, the Company has provided following indemnities:-

- i) To RHT and its, directors, officers, employees and agents under the relevant transaction agreements against any losses or liabilities finally determined as payable for any breach of the Consolidated Foreign Direct Investment (FDI) Policy or Foreign Exchange Management Act (‘FEMA’), to the extent that such breach has resulted from the acquisition by RHT of the Hospital Services Companies.

Further, the Company has undertaken to transfer or procure additional medical and healthcare services to Hospital Services Companies in the event that any regulatory authority raises concerns over compliance with any applicable law.

However, the Company will not be liable to indemnify the Indemnified Parties for any losses resulting from delay or failure of the Indemnified Parties in completing any statutory filings or similar formalities under the Consolidated FDI Policy, FEMA and other laws in force in India as of the Listing Date i.e. October 19, 2012, required to be undertaken by the Indemnified Parties in relation to the acquisition by RHT or FGHIPL of the equity shares of the Hospital Services Companies.

The Company’s obligations under this indemnity shall continue so long as the Company or the Group holds 15.0% or more of the total units from time to time issued in RHT or three years from the Listing Date, whichever is later.

However, the Company will be liable in respect of the indemnity for a maximum period of five years from the Listing Date.

- ii) The Company has also undertaken to indemnify (“Tax Indemnity”) each of the Hospital Services Companies and their respective directors, officers, employees and agents (the “Investing Parties”) against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital service Companies.
- iii) Further, as per terms of the various Agreements entered into between Hospital Services Companies and Fortis Operating companies, the Hospital Services Companies have right to recover certain statutory dues levied on them from Fortis Operating Companies. There is a possible present obligation on Hospital Services Companies to collect certain statutory dues from the Fortis Operating Companies and pay it to the relevant authorities. In view of uncertainty arising from interpretation of the regulations, management believes that value of such statutory dues cannot be measured reliably and therefore has not been considered in these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- 16.** On January, 9 2012, FHML entered into Share Purchase Agreement to acquire 49% interest in FHTL at an aggregate consideration of ₹ 37,728.39 lacs. FHTL is the owner of Shalimar Bagh Clinical Establishment and Gurgaon Clinical Establishment. FHML on September 17, 2012 entered into Shareholders' Agreement with the Company, pursuant to which FHML has a call option over the Company's 51% interest in FHTL ("FHTL Call Option") at a fixed price, subject to fulfillment of certain conditions, applicable laws including, and receipt of necessary approvals from all third parties. FHML also has the right to appoint 50% of the directors of FHTL, including the chairman of the board of directors who will have the casting vote in case of deadlock on any matter, including all financial and operating policies of the Company, brought to the board of directors for its approval. Additionally, the Company has assigned its right to receive dividends from FHTL in favour of FHML. In addition, FHML has a put option on its 49% interest in FHTL ("FHTL Put Option"), exercisable if FHML is unable to acquire 100% of the issued and paid-up share capital of FHTL within 5 years from the date of transfer of the 49% shareholding of FHTL by the Company to FHML, for any reason outside the control of FHML. The put option shall be exercised at a price that is equal to the fair market value of Put Securities on the date of exercise of put option, determined on a discounted cash flow basis.
- 17.** During the year ended March 31, 2013, Escorts Heart Institute and Research Centre Limited ('EHIRCL') have issued 401,769 Compulsorily Convertible Preference Shares ('CCPS') of face value of ₹ 10 each at a premium of ₹ 7,456.98 per CCPS to Kanishka Healthcare Limited ('KHL') with a maturity period of 15 years aggregating to ₹ 30,000 lacs. Following are the key terms of CCPS:-
- CCPS Put Option – KHL is entitled to exercise an unconditional and irrevocable right to require the Company or its nominee to buy all of CCPS upon occurrence of KHL having exercised FHTL Put Option or FHTL Call Option under shareholders agreement entered between the Company, FHTL and FHML, as per above.
 - Under FHTL call Option the Company is required to pay sum equal to the fair valuation of Equity Shares of EHIRCL as per DCF Method.
 - In case of FHTL put option Company has right to purchase, subject to due compliance with law, all CCPS at consideration equal to KHL's contribution along with coupon rate agreed.
- 18.** During the year ended March 31, 2011, the Company had issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the closing price of the Shares on each trading day with respect to the shares for a period of at least 30 consecutive such trading days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain early redemption amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Management has reassessed the probability for conversion of bonds into equity and is of the opinion that it is unlikely that conversion option will be availed by the bondholders. On account of the same, the Company has utilized Securities premium account and provided for the proportionate premium on redemption for the period up to March 31, 2014 amounting to ₹ 1,472.10 lacs. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2014 considered for restatement of the Bonds at the year end was ₹ 60.059349 = US Dollar 1 (₹ 54.285 = US Dollar 1 at March 31, 2013).

19. During the current year, the Company issued 150 Foreign Currency Convertible Bonds aggregating to US Dollar 30,000,000 due 2018 (the "Bonds") at the rate of (4.66%+LIBOR). These Bonds are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Bonds are convertible upto US Dollar 24,000,000 of principal amount at the option of the holder at any time on or after September 17, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to August 01, 2018 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 99.09 with 1,204.71 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 59.6875 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

Subject to certain conditions, the Bonds may be converted mandatorily into fully paid equity shares, 20% of the principal amount of bond outstanding (but in no event exceeding US Dollar 6,000,000 in aggregate principal amount of Bonds), at the option of the Company at any time on or after September 17, 2013 up to August 01, 2018 at the Partial Reset Conversion Price (as defined in the "Terms & Conditions of the Bonds").

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on August 08, 2018 at 100 per cent of its principal amount. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

The Company has incurred expenses of ₹ 542.62 lacs (including ₹ 24.72 lacs paid to Auditors) in connection with this issue.

The proceeds of the issue amounting to ₹ 18,390.74 lacs have been used for repayment of debts.

Exchange Rate at March 31, 2014 considered for restatement of the Bonds at the year end was ₹ 60.059349 = US Dollar 1.

20. During the current year, 2014, the Company issued 550 Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 55,000,000 due 2018 (the "Bonds") at the rate of LIBOR+4.86%. The Bonds are convertible at the option of International Finance Corporation ("IFC"), an international organization established by Articles of Agreement among its member countries including the Republic

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

of India (the holder) giving 7 days notice to the Company at any time on or after June 07, 2013 up to June 08, 2018 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 99.09 and number of shares to be issued will be calculated on conversion on the basis of applicable rate of exchange of US Dollar and ₹ on conversion date. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may be converted on the request of the holder but not less than value of US Dollar 5,000,000 or in multiple of US Dollar 1,000,000 thereafter. Except in certain condition mentioned in the "Terms & Conditions of the Bonds" the holder cannot exercise the Conversion Option in part or in full in respect of twenty per cent (20%) of the original bond value for a period of three (3) years after the Subscription Date.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be converted mandatorily into fully paid equity shares, 20% of the principal amount of bond at the option of the Company at any time on or after June 07, 2013 at Modified Conversion Price (as defined in the "Terms & Conditions of the Bonds").

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on June 08, 2018 at 100 per cent of its principal amount. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2014 considered for restatement of the Bonds at the year end was ₹ 60.059349= US Dollar 1.

- 21.** During the previous year, the Company initiated an institutional placement programme (IPP) for issuance of equity share of the Company. The issue was authorised by the Board of Directors through circular resolutions dated November 27, 2012 and by the Company's shareholders through a special resolution passed by way of postal ballot the result whereof was announced on January 15, 2013.

During the current year, the Board of Directors of the Company, through its resolution dated May 17, 2013, authorised the issuance of up to 34,993,030 equity shares of face value ₹ 10 each at a price of ₹ 92 per equity share under IPP. The transaction was concluded in May 2013. The total proceeds of the issue were approximately ₹ 32,193.59 lacs. The Company has incurred expenses of ₹ 1,377.92 lacs (including ₹ 37.10 lacs paid to Auditors) in connection with this issue. The specified purposes for utilization of issue proceeds were repayment of debts, funding capital expenditure requirements and general corporate purposes. All proceeds of the issue have been utilized for the specified purposes as follows:-

Particulars	(₹ in lacs)
Receipts	32,193.59
Less: Expenses incurred for the issue	1,377.92
Net Receipts	30,815.67
Use of proceeds	
Repayment of debt	15,000.00
General corporate purpose	15,815.67
Total	30,815.67

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

22. During the current year, the Board of Directors of the Company, through its resolution dated April 24, 2013, authorised the issuance of up to 28,610,355 Equity Shares to International Finance Corporation through a preferential allotment. Subsequently, the Company issued and allotted 18,833,700 equity shares to International Finance Corporation at ₹ 99.09 per share including premium of ₹ 89.09 per share aggregating to ₹ 18,662.31 lacs.

23. During the current year, the shareholders of the Company, through its special resolution dated August 22, 2013, authorized the issuance of 3,737,449 Equity shares to Standard Chartered Private Equity (Mauritius) III Limited through a preferential allotment. Subsequently, on September 5, 2013, the Company issued and allotted 3,737,449 equity shares to Standard Chartered Private Equity (Mauritius) III Limited at ₹ 99.09 per share including premium of ₹ 89.09 per share aggregating to ₹ 3,703.44 lacs.

24. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

During the period ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The management has confirmed that none of the suppliers have confirmed that they are registered under the provision of the Act. In view of this, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

25. Particulars of Un-hedged Foreign Currency Exposure as at the reporting date:

(₹ / USD in lacs)

Particulars	Amount
Import trade payable	US\$ 0.61 lacs (March 31, 2013: US\$ 0.33 lacs) (₹ 36.39 lacs (March 31, 2013: ₹ 18.16 lacs))
Foreign Currency Loans	
- Loans taken including interest accrued thereon	US\$ 1,883.99 lacs (March 31, 2013:US\$ 1,143.42 lacs) (₹ 113,151.11 lacs (March 31, 2013: ₹ 62,070.55 lacs))
- Loans given including interest accrued thereon	US\$ 1,304.45 lacs (March 31, 2013:US\$ 947.31 lacs) (₹ 78,344.29 lacs (March 31, 2013: ₹ 51,424.99 lacs))
- Deferred payment liability including interest accrued thereon	US\$ 20.01 lacs (March 31, 2013:US\$ Nil) (₹ 1,201.49 lacs (March 31, 2013: ₹ Nil))
Cash and Bank Balance	US\$ 23.08 lacs (March 31, 2013:US\$ Nil) (₹ 1,386.07 lacs (March 31, 2013: ₹ Nil))

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**26. Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested**

(` in lacs)

Particulars	Maximum amount outstanding during the year		Closing balance	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Subsidiaries				
Hiranandani Healthcare Private Limited	5,300.38	4,321.34	4,193.38	4,203.34
Escorts Heart Institute and Research Centre Limited	52,759.66	56,076.71	14,295.66	22,941.72
International Hospital Limited	-	11,930.03	-	-
Fortis Hospotel Limited	-	3,607.07	-	-
Fortis Hospitals Limited	124,250.17	14,973.35	70,686.17	147.15
Fortis Health Management (North) Limited	-	106,089.15	-	61,036.65
Fortis Healthcare International Limited	110,232.65	47,638.51	70,723.67	47,638.51
SRL Limited	-	150.00	-	-
Fortis Health Management (West) Limited	32.41	128.85	32.41	28.85

- 27.** During the year, the Company has capitalised the following expenses to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalised by the Company.

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	` in lacs	` in lacs
Opening Balance (A)	3,750.27	2,627.89
Revenue from Operation	-	1.28
Total (B)	-	1.28
PURCHASE OF MEDICAL CONSUMABLES AND PHARMACY (C)	-	-
EMPLOYEE BENEFITS		
Salaries, wages and bonus	241.93	508.51
Recruitment and training	-	0.11
Total (D)	241.93	508.62
OTHER EXPENSES		
Contractual manpower	18.15	1.47
Power, fuel and water	77.44	43.15
Housekeeping expenses including consumables	48.02	7.32

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	As at	As at
	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Pathology laboratory expenses	-	0.35
Consultation fees to doctors	147.79	-
Professional charges to doctors	-	2.75
Repairs and maintenance	15.46	16.32
Rent	1,341.99	1,345.44
Legal and professional fee	7.03	339.80
Travel and conveyance	21.13	16.57
Rates and taxes	0.51	0.10
Printing and stationary	-	0.06
Communication expenses	0.13	36.51
Miscellaneous expenses	1.44	17.36
Total (E)	1,679.09	1,827.20
Total (F) (A-B+C+D+E)	5,671.29	4,962.43
Amount Capitalized to Fixed Assets (G)	1,008.58	1,212.16
Balance carried forward to Capital Work in Progress H (F-G)	4,662.71	3,750.27

28. Expenditure in foreign currency (on accrual basis)

(₹ in lacs)

Particulars	2013-14	2012-13
Marketing and business promotion	156.06	65.01
Travel and conveyance	31.98	202.90
Legal and professional fee	143.55	44.56
Interest	5,611.78	4,015.74
Recruitment and Training	10.73	23.62
Miscellaneous expenses	51.65	-
	6,005.75	4,351.83

The above expenditure doesn't include expenses incurred on issuance of foreign currency convertible bonds and equity share under institutional placement programme amounting to ₹ 648.06 lacs.

29. Earnings in Foreign Currency (on accrual basis)

(₹ in lacs)

Particulars	2013-14	2012-13
Sale of services	381.30	127.45
Interest income	4,502.08	2,357.47

30. Value of imports calculated on CIF basis

(₹ in lacs)

Particulars	2013-14	2012-13
Capital goods	3,026.52	587.70

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**31. Material Consumed (including consumables)**

	% of Total Consumption		Value (` in lacs)	
	2013-14	2012-13	2013-14	2012-13
Indigenous*	100	100	10,926.01	10,210.03
Imported	-	-	-	-
Total	100	100	10,926.01	10,210.03

*Including consumables of ` 92.64 lacs (Previous year ` 74.36 lacs) debited to housekeeping expenses.

Note: Material consumption consists of items of various nature and specifications and includes medical consumables, pharmaceuticals etc. Hence, it is not practicable to furnish the item wise details.

32. Subsequent events

- In continuance of Group's Asset light model, subsequent to year end on May 7, 2014, the Company has entered in to an agreement with Escorts Heart and Super Specialty Hospital Limited ("EHSSHL"), a subsidiary of Religare Health Trust, for transfer of net assets relating to the Mohali Clinical Establishment (in Punjab) to EHSSHL. The transaction has been completed subsequent to the year end and hence no effect has been given in the financial statements for the year ended March 31, 2014.
- During the current year, the Board of Directors of the Company at its meeting held on March 25, 2014 approved the purchase of operations of Fortis Hospital, Shalimar Bagh from its subsidiary, Fortis Hospitals Limited ('FHsL') on a going concern basis by way of a slump sale. The Company and FHsL entered into a business transfer agreement ('BTA') on March 28, 2014 for purchase of operations of Shalimar Bagh for a consideration of ` 4,000 lacs. The transaction is effective from April 1, 2014 and hence no effect has been given in the financial statements for the year ended March 31, 2014.

33. Previous Year Figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place : Gurgaon
Date : May 29, 2014

**For and on behalf of the Board of Directors of
Fortis Healthcare Limited**

Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Place : New Delhi
Date : May 29, 2014

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2014

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Escorts Heart Institute and Research Centre Limited	240.21	71,283.30	111,715.98	40,192.47	-	49,500.67	6,683.11	2,694.74	3,988.37
Fortis Hospitals Limited	4,030.06	53,630.74	207,647.22	149,986.42	-	188,215.66	(11,586.00)	(5,879.11)	(5,706.89)
Fortis Asia Healthcare Pte Limited	15,636.07	50,440.32	203,226.06	137,149.67	-	67,002.78	51,975.22	(1.63)	51,976.84
Fortis C-Doc Healthcare Limited	676.77	(738.80)	1,604.42	1,666.45	-	1,301.96	(511.85)	-	(511.85)
Fortis Healthcare International Limited	14,155.67	2,645.30	95,194.45	78,393.47	7,907.56	5,220.66	489.40	-	489.40
Fortis Global Healthcare (Mauritius) Limited	373.53	2,361.91	88,679.80	85,944.37	35,462.43	3,747.10	(685.66)	-	(685.66)
Lalitha Healthcare Private Limited	81.16	(688.94)	1,910.68	2,518.46	-	1,898.06	(352.59)	-	(352.59)
Fortis Malar Hospitals Limited	1,860.95	6,561.96	10,072.21	1,649.31	-	11,499.26	1,307.36	451.58	855.78
Malar Star Medicare Limited	5.00	58.12	6,404.68	6,341.56	-	683.32	31.53	9.74	21.78
Fortis Health Staff Limited	490.00	(1,379.19)	457.05	1,346.23	102.81	465.73	6.87	16.33	(9.46)
Fortis Health Management (West) Limited	5.00	(34.56)	8.09	37.65	-	-	(5.87)	-	(5.87)
Fortis Health Management (South) Limited	5.00	(119.62)	2,470.45	2,585.07	306.00	163.12	(53.83)	-	(53.83)
Fortis Health Management (East) Limited	5.00	(217.04)	680.29	892.34	-	910.23	(124.42)	-	(124.42)
Hiranandani Healthcare Private Limited	400.00	(1,976.35)	8,534.06	10,110.41	-	10,830.26	859.53	-	859.53
Super Religare Laboratories Limited	8,446.35	66,486.76	100,192.82	25,259.71	150.00	45,808.77	3,127.55	1,122.74	2,004.81
SRL Diagnostics Private Limited	395.82	(3,286.61)	20,960.36	23,851.15	1,175.88	28,563.88	547.86	(95.54)	643.40
Fortis Healthcare International Pte Limited	166,378.59	(44,707.25)	126,140.94	4,469.60	23,281.71	5,864.23	72,050.19	720.71	71,329.48
Fortis Healthcare Australia Pty Ltd	0.06	208.73	208.79	-	-	1,073.06	(2,026.30)	-	(2,026.30)
Dental Corporation Holdings Limited*	-	-	-	-	-	183,302.61	(1,337.72)	(75.30)	(1,262.42)
Dental Corporation Pty Limited*	-	-	-	-	-	150,947.54	(5,430.73)	(146.61)	(5,284.13)
D C Holdings WA Pty Ltd*	-	-	-	-	-	-	-	-	-
Dental Care Network Pty Limited*	-	-	-	-	-	-	-	-	-
Dental Corporation (NZ) Limited*	-	-	-	-	-	11,442.76	1,225.91	422.14	803.77
Hazel Ridge Pty Limited*	-	-	-	-	-	-	-	-	-
John M Levas Pty Limited*	-	-	-	-	-	-	-	-	-
Scott Petrie Dental Pty Limited*	-	-	-	-	-	-	-	-	-
Dental Corporation Levas Pty Ltd*	-	-	-	-	-	-	-	-	-
Dental Corporation Petrie Pty Ltd*	-	-	-	-	-	-	-	-	-
Dental Corporation Cox Pty Ltd*	-	-	-	-	-	-	-	-	-
Dr Chris Hardwicke Pty Ltd*	-	-	-	-	-	-	-	-	-
Larry Bengie Pty Limited*	-	-	-	-	-	-	-	-	-
Fortis Healthcare Singapore Pte Ltd	0.05	(18,539.34)	64,390.43	82,929.73	-	3,976.99	(9,360.77)	-	(9,360.77)
Radlink-Asia Pte Limited (Radlink)	8,722.28	(1,531.74)	7,310.09	119.56	-	665.91	331.44	-	331.44
Drs Thompson & Thompson (Radlink Medicare) Pte Limited	0.05	293.94	481.43	187.44	-	914.69	99.95	-	99.95
Radlink Medicare (Bishan) Pte Limited	166.75	(141.17)	46.08	20.50	-	276.04	(7.43)	(0.38)	(7.05)
Radlink Medicare (Woodlands) Pte Limited	214.39	(195.13)	20.27	1.02	-	-	(2.25)	-	(2.25)
Radlink Medicare (Tampines) Pte Limited	47.64	166.75	265.07	50.69	-	497.93	70.26	-	70.26
Radlink Medicare (Jurong East) Pte Limited	0.00	(397.55)	(396.57)	0.97	-	-	(1.23)	-	(1.23)
Clinic 1866 Pte Limited	47.64	(18.45)	30.24	1.04	-	-	(0.90)	-	(0.90)
Radlink Diagnostic Imaging (s) Pte Limited	1,402.64	6,986.93	11,316.17	2,926.60	-	7,222.57	1,819.12	(53.45)	1,872.56
Drs Lim Hoe & Wong Radiology Pte Limited	157.22	177.08	458.54	124.24	-	709.46	69.12	5.05	64.06
Healthcare Diagnostic Services Pte Limited	0.05	20.59	21.58	0.94	-	-	(1.24)	-	(1.24)

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2014

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Radlink Women & Fetal Imaging Centre Pte Limited	0.00	310.78	169.19	(141.59)	-	219.48	62.64	-	62.64
Radlink Pet & Cardiac Imaging Centre Pte Limited	0.00	(1,248.96)	1,699.25	2,948.21	-	3,609.09	575.41	(20.35)	595.77
Singapore Radiopharmaceutic Als Pte Limited	47.64	(4,596.96)	4,349.46	8,898.79	-	1,560.35	(398.57)	(521.94)	123.37
Singapore Molecular Therapy Centre Pte Limited	0.00	(37.97)	5.56	43.53	-	-	(0.60)	-	(0.60)
Radlink Medicare Pte Limited	0.05	(36.47)	(27.41)	9.02	70.75	81.60	164.79	-	164.79
Healthcare Clinic & Surgery Pte Ltd	0.00	(95.39)	(91.42)	3.96	-	-	-	-	-
Altai Investments Limited*	-	-	-	-	-	-	(757.88)	-	(757.88)
Quality HealthCare Limited*	-	-	-	-	-	-	(0.70)	-	(0.70)
Quality HealthCare Hong Kong Limited*	-	-	-	-	-	-	(0.68)	-	(0.68)
Green Apple Associates Limited*	-	-	-	-	-	-	(0.59)	-	(0.59)
Quality HealthCare Medical Services Limited*	-	-	-	-	-	58,605.61	57,618.01	640.49	56,977.52
Fortis HealthCare Hong Kong Limited*	-	-	-	-	-	-	(1.12)	-	(1.12)
Quality Healthcare Medical Services (Macau) Limited*	-	-	-	-	-	-	(0.35)	-	(0.35)
Quality HealthCare Chinese Medicine Limited*	-	-	-	-	-	-	(0.62)	-	(0.62)
Marvellous Way Limited*	-	-	-	-	-	678.83	149.61	24.47	125.14
Universal Lane Limited*	-	-	-	-	-	-	(0.59)	-	(0.59)
DB Health Services Limited*	-	-	-	-	-	923.65	199.04	-	199.04
Quality HealthCare Medical Centre Limited*	-	-	-	-	-	11,143.22	(45,677.04)	(30.68)	(45,646.36)
Quality HealthCare Professional Services Limited*	-	-	-	-	-	-	(8,533.05)	-	(8,533.05)
SmartLab Limited*	-	-	-	-	-	0.00	(0.62)	-	(0.62)
Allied Medical Practices Guild Limited*	-	-	-	-	-	4,212.22	(53.71)	-	(53.71)
Great Option Limited*	-	-	-	-	-	1,505.00	148.91	24.57	124.34
Healthcare Opportunities Limited*	-	-	-	-	-	-	(0.59)	-	(0.59)
TCM Products Limited*	-	-	-	-	-	15.30	14.71	-	14.71
GHC Holdings Limited*	-	-	-	-	-	-	(0.59)	41.50	(42.09)
CASE Specialist Limited*	-	-	-	-	-	-	(0.00)	-	(0.00)
Jadeast Limited*	-	-	-	-	-	317.07	54.95	-	54.95
Jadefairs International Limited*	-	-	-	-	-	578.02	84.66	-	84.66
Jadway International Limited*	-	-	-	-	-	172.15	11.13	-	11.13
Megafaith International Limited*	-	-	-	-	-	688.93	9.01	-	9.01
Jadson Investment Limited*	-	-	-	-	-	472.87	92.40	-	92.40
Berkshire Group Limited*	-	-	-	-	-	2,563.58	285.24	-	285.24
Central Medical Diagnostic Centre Limited*	-	-	-	-	-	1,637.92	(6.31)	(2.61)	(3.70)
Central MRI Centre Limited*	-	-	-	-	-	467.25	24.06	-	24.06
Central Medical Laboratory Limited*	-	-	-	-	-	131.07	7.00	-	7.00
Central PET/CT Scan Limited*	-	-	-	-	-	357.10	(10.26)	-	(10.26)
Portex Limited*	-	-	-	-	-	-	(0.97)	-	(0.97)
Quality HealthCare Services Limited*	-	-	-	-	-	0.46	(0.37)	-	(0.37)
Quality HealthCare Psychological Services Limited*	-	-	-	-	-	50.65	(13.92)	-	(13.92)
Quality EAP (Macau) Limited*	-	-	-	-	-	31.73	24.67	1.02	23.65
Quality HealthCare Dental Services Ltd*	-	-	-	-	-	2,553.89	269.95	45.23	224.72
Quality HealthCare Physiotherapy Services Limited*	-	-	-	-	-	1,207.75	86.72	14.06	72.65

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2014

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Quality HealthCare Nursing Agency Limited*	-	-	-	-	-	2,721.85	264.65	43.61	221.03
Dynamic People Group Limited*	-	-	-	-	-	19.82	(62.38)	-	(62.38)
Fortis Hospitals Hong Kong Limited*	-	-	-	-	-	-	(0.70)	-	(0.70)
GlobalRx Limited*	-	-	-	-	-	12.87	1.40	-	1.40
Normandy Hong Kong Limited*	-	-	-	-	-	-	(0.59)	-	(0.59)
Mena Healthcare Investment Company Limited	18.27	(783.14)	30.00	794.88	-	-	-	-	-
Super Religare Laboratories International FZ LLC	49.05	(9,540.87)	2,779.22	12,271.03	-	2,596.73	(1,800.12)	-	(1,800.12)
Medical Management Company Limited	30.00	658.86	790.70	101.84	-	-	(5.37)	-	(5.37)
Swindon Limited*	-	-	-	-	-	-	-	-	-
VOF PE Holding2 Limited*	-	-	-	-	-	-	-	-	-
Fortis Hoan My Medical My Corporation*	-	-	-	-	-	7.16	(1,302.27)	-	(1,302.27)
Fortis Hoan My Saigon General Hospital Joint Stock Company*	-	-	-	-	-	6,698.41	1,096.47	142.51	953.96
Hoan My Clinic Company Limited*	-	-	-	-	-	12.16	(108.24)	-	(108.24)
Hue Hoan My General Hospital Joint Stock Company*	-	-	-	-	-	61.15	(148.70)	-	(148.70)
Hoan My Da Nang General Hospital Joint Stock Company*	-	-	-	-	-	2,552.09	392.69	153.60	239.09
Hoan My Cuu Long General Hospital Joint Stock Company*	-	-	-	-	-	2,954.86	554.40	49.25	505.15
Hoan My Da Lat General Hospital Joint Stock Company*	-	-	-	-	-	674.77	38.56	-	38.56

* Company disposed off during the year

Note: 0.00 denotes amount rounded off in lacs

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary

Sandeep Puri
Chief Financial Officer

Date : May 29, 2014
Place : New Delhi

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Financial year to which accounts relate	Holding Company's interest as at close of financial year of subsidiary company		Reporting Currency	Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of holding company which are not dealt within the company's account		Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of holding company which are dealt within the company's account		Holding Company's interest as at 31/03/2013 incorporating changes since close of financial year/period of subsidiary company
		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (in Lacs)	For the Previous Financial Year (in Lacs)	For the Current Financial Year (in Lacs)	For the Previous Financial Year (in Lacs)	
Escorts Heart Institute and Research Centre Limited	31/03/2014	2,000,310	100.00	INR	3,988.37	4,150.60	-	-	-
Fortis Hospitals Limited	31/03/2014	40,300,577	100.00	INR	(5,706.89)	147.77	-	-	-
Fortis Asia Healthcare Pte Limited	31/03/2014	32,722,596	100.00	SGD	51,976.84	1,835.32	-	-	-
Fortis C-Doc Healthcare Limited	31/03/2014	4,060,637	60.00	INR	(307.11)	1.59	-	-	-
Fortis Healthcare International Limited	31/03/2014	9,856,000	100.00	MUR	489.40	371.79	-	-	-
Fortis Global Healthcare (Mauritius) Limited	31/03/2014	835,214	100.00	USD	(685.66)	526.46	-	-	-
Lalitha Healthcare Private Limited	31/03/2014	545,624	67.23	INR	(237.04)	(68.56)	-	-	-
Fortis Malar Hospitals Limited	31/03/2014	11,752,402	63.20	INR	540.85	308.00	-	-	-
Malar Star Medicare Limited	31/03/2014	31,600	63.20	INR	13.77	1.93	-	-	-
Fortis Health Staff Limited	31/03/2014	1,440,000	29.00	INR	(2.74)	(4.42)	-	-	-
Fortis Health Management (West) Limited	31/03/2014	50,000	100.00	INR	(5.87)	(17.68)	-	-	-
Fortis Health Management (South) Limited	31/03/2014	50,000	100.00	INR	(53.83)	(3.92)	-	-	-
Fortis Health Management (East) Limited	31/03/2014	44,000	88.00	INR	(109.49)	(7.87)	-	-	-
Hiranandani Healthcare Private Limited	31/03/2014	4,000,000	85.00	INR	730.60	(255.64)	-	-	-
Super Religare Laboratories Limited	31/03/2014	42,749,217	71.49	INR	1,433.24	(684.67)	-	-	-
SRL Diagnostics Private Limited	31/03/2014	2,829,717	71.49	INR	459.97	(922.29)	-	-	-
Fortis Healthcare International Pte Limited	31/03/2014	348,191,000	100.00	SGD	71,329.48	209.95	-	-	-
Fortis Healthcare Australia Pty Ltd	31/03/2014	100	100.00	AUD	(2,026.30)	2,561.26	-	-	-
Dental Corporation Holdings Limited*	31/03/2014	-	-	AUD	(801.76)	653.77	-	-	-
Dental Corporation Pty Limited*	31/03/2014	-	-	AUD	(3,355.95)	679.78	-	-	-
D C Holdings WA Pty Ltd*	31/03/2014	-	-	AUD	-	-	-	-	-
Dental Care Network Pty Limited*	31/03/2014	-	-	AUD	-	-	-	-	-
Dental Corporation (NZ) Limited*	31/03/2014	-	-	AUD	510.48	116.73	-	-	-
Hazel Ridge Pty Limited*	31/03/2014	-	-	AUD	-	-	-	-	-
John M Levas Pty Limited*	31/03/2014	-	-	AUD	-	-	-	-	-
Scot Petrie Dental Pty Limited*	31/03/2014	-	-	AUD	-	-	-	-	-
Dental Corporation Levas Pty Ltd*	31/03/2014	-	-	AUD	-	-	-	-	-
Dental Corporation Petrie Pty Ltd*	31/03/2014	-	-	AUD	-	-	-	-	-
Dental Corporation Cox Pty Ltd*	31/03/2014	-	-	AUD	-	-	-	-	-
Dr Chris Hardwicke Pty Ltd*	31/03/2014	-	-	AUD	-	-	-	-	-
Larry Bengie Pty Limited*	31/03/2014	-	-	AUD	-	-	-	-	-
Fortis Healthcare Singapore Pte Ltd	31/03/2014	100	100.00	SGD	(9,360.77)	(699.70)	-	-	-
Radlink-Asia Pte Limited (Radlink)	31/03/2014	29,382,081	100.00	SGD	331.44	(3.93)	-	-	-
Drs Thompson & Thompson (Radlink Medicare) Pte Limited	31/03/2014	85	85.00	SGD	84.95	16.91	-	-	-
Radlink Medicare (Bishan) Pte Limited	31/03/2014	245,000	70.00	SGD	(4.93)	2.82	-	-	-
Radlink Medicare (Woodlands) Pte Limited	31/03/2014	315,000	70.00	SGD	(1.57)	0.09	-	-	-
Radlink Medicare (Tampines) Pte Limited	31/03/2014	100,000	100.00	SGD	70.26	8.46	-	-	-
Radlink Medicare (Jurong East) Pte Limited	31/03/2014	3	100.00	SGD	(1.23)	(0.27)	-	-	-
Clinic 1866 Pte Limited	31/03/2014	100,000	100.00	SGD	(0.90)	-	-	-	-
Radlink Diagnostic Imaging (s) Pte Limited	31/03/2014	11,776,444	100.00	SGD	1,872.56	366.53	-	-	-

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

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		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (in Lacs)	For the Previous Financial Year (in Lacs)	For the Current Financial Year (in Lacs)	For the Previous Financial Year (in Lacs)	
Drs Lim Hoe & Wong Radiology Pte limited	31/03/2014	330,000	100.00	SGD	64.06	16.25	-	-	
Healthcare Diagnostic Services Pte Limited	31/03/2014	100	100.00	SGD	(1.24)	(0.01)	-	-	
Radlink Women & Fetal Imaging Centre Pte Limited	31/03/2014	2	100.00	SGD	62.64	10.27	-	-	
Radlink Pet & Cardiac Imaging Centre Pte Limited	31/03/2014	2	100.00	SGD	595.77	37.80	-	-	
Singapore Radiopharmaceutical Als Pte Limited	31/03/2014	100,000	100.00	SGD	123.37	(79.61)	-	-	
Singapore Molecular Therapy Centre Pte Limited	31/03/2014	2	100.00	SGD	(0.60)	(0.33)	-	-	
Radlink Medicare Pte Limited	31/03/2014	100	100.00	SGD	164.79	-	-	-	
Healthcare Clinic & Surgery Pte Ltd	31/03/2014	2	100.00	SGD	-	-	-	-	
Altia Investments Limited*	31/03/2014	-	100.00	HKD	(757.89)	(306.68)	-	-	
Quality HealthCare Limited*	31/03/2014	-	100.00	HKD	(0.70)	(0.20)	-	-	
Quality HealthCare Hong Kong Limited*	31/03/2014	-	100.00	HKD	(0.68)	-	-	-	
Green Apple Associates Limited*	31/03/2014	-	100.00	HKD	(0.59)	-	-	-	
Quality HealthCare Medical Services Limited*	31/03/2014	-	100.00	HKD	56,977.52	454.26	-	-	
Fortis HealthCare Hong Kong Limited*	31/03/2014	-	100.00	HKD	(1.12)	(66.36)	-	-	
Quality HealthCare Medical Services (Macau) Limited*	31/03/2014	-	100.00	HKD	(0.35)	-	-	-	
Quality HealthCare Chinese Medicine Limited*	31/03/2014	-	100.00	HKD	(0.62)	(0.27)	-	-	
Marvellous Way Limited*	31/03/2014	-	100.00	HKD	125.14	27.87	-	-	
Universal Lane Limited*	31/03/2014	-	100.00	HKD	(0.59)	(0.26)	-	-	
DB Health Services Limited*	31/03/2014	-	100.00	HKD	199.04	21.29	-	-	
Quality HealthCare Medical Centre Limited*	31/03/2014	-	100.00	HKD	(45,646.36)	142.06	-	-	
Quality HealthCare Professional Services Limited*	31/03/2014	-	100.00	HKD	(8,533.05)	-	-	-	
SmartLab Limited*	31/03/2014	-	100.00	HKD	(0.62)	(0.08)	-	-	
Allied Medical Practices Guild Limited*	31/03/2014	-	100.00	HKD	(53.71)	35.72	-	-	
Great Option Limited*	31/03/2014	-	100.00	HKD	124.34	67.89	-	-	
Healthcare Opportunities Limited*	31/03/2014	-	100.00	HKD	(0.59)	(0.26)	-	-	
TCM Products Limited*	31/03/2014	-	100.00	HKD	14.71	(0.26)	-	-	
GHC Holdings Limited*	31/03/2014	-	100.00	HKD	(42.09)	(0.99)	-	-	
CASE Specialist Limited*	31/03/2014	-	100.00	HKD	(0.00)	(188.32)	-	-	
Jadeast Limited*	31/03/2014	-	100.00	HKD	54.95	17.25	-	-	
Jadefairs International Limited*	31/03/2014	-	100.00	HKD	84.66	38.51	-	-	
Jadway International Limited*	31/03/2014	-	100.00	HKD	11.13	13.66	-	-	
Megafaith International Limited*	31/03/2014	-	100.00	HKD	9.01	(0.53)	-	-	
Jadson Investment Limited*	31/03/2014	-	100.00	HKD	92.40	61.66	-	-	
Berkshire Group Limited*	31/03/2014	-	100.00	HKD	285.24	44.61	-	-	
Central Medical Diagnostic Centre Limited*	31/03/2014	-	70.00	HKD	(2.59)	(0.82)	-	-	
Central MRI Centre Limited*	31/03/2014	-	70.00	HKD	16.85	23.28	-	-	
Central Medical Laboratory Limited*	31/03/2014	-	70.00	HKD	4.90	(6.88)	-	-	
Central PET/CT Scan Limited*	31/03/2014	-	70.00	HKD	(7.18)	(20.11)	-	-	
Portex Limited*	31/03/2014	-	100.00	HKD	(0.97)	(0.23)	-	-	
Quality HealthCare Services Limited*	31/03/2014	-	100.00	HKD	(0.37)	(0.49)	-	-	
Quality HealthCare Psychological Services Limited*	31/03/2014	-	100.00	HKD	(13.92)	(11.78)	-	-	

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		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (in Lacs)	For the Previous Financial year (in Lacs)	For the Current Financial Year (in Lacs)	For the Previous Financial year (in Lacs)	
Quality EAP (Macau) Limited*	31/03/2014	-	100.00	HKD	23.65	5.47	-	-	
Quality HealthCare Dental Services Ltd*	31/03/2014	-	100.00	HKD	224.72	81.92	-	-	
Quality HealthCare Physiotherapy Services Limited*	31/03/2014	-	100.00	HKD	72.65	(6.30)	-	-	
Quality HealthCare Nursing Agency Limited*	31/03/2014	-	100.00	HKD	221.03	62.53	-	-	
Dynamic People Group Limited*	31/03/2014	-	100.00	HKD	(62.38)	(11.32)	-	-	
Fortis Hospitals Hong Kong Limited*	31/03/2014	-	100.00	HKD	(0.70)	-	-	-	
GlobalRx Limited*	31/03/2014	-	100.00	HKD	1.40	-	-	-	
Normandy Hong Kong Limited*	31/03/2014	-	100.00	HKD	(0.59)	-	-	-	
Mena Healthcare Investment Company Limited	31/03/2014	10,043,433	82.54	AED	-	(6.20)	-	-	
Super Religare Laboratories International FZ LLC	31/03/2014	300	100.00	AED	(1,800.12)	(1,408.10)	-	-	
Medical Management Company Limited	31/03/2014	151,461	82.54	AED	(4.44)	(4.73)	-	-	
Swindon Limited*	31/03/2014	-	-	VND	-	-	-	-	
VOF PE Holding2 Limited*	31/03/2014	-	-	VND	-	87.33	-	-	
Fortis Hoan Medical My Corporation*	31/03/2014	-	-	VND	(797.12)	(43.21)	-	-	
Fortis Hoan My Saigon General Hospital Joint Stock Company*	31/03/2014	-	-	VND	583.83	110.64	-	-	
Hoan My Clinic Company Limited*	31/03/2014	-	-	VND	(55.32)	(20.93)	-	-	
Hue Hoan My General Hospital Joint Stock Company*	31/03/2014	-	-	VND	(85.25)	(77.86)	-	-	
Hoan My Da Nang General Hospital Joint Stock Company*	31/03/2014	-	-	VND	103.95	63.01	-	-	
Hoan My Cuu Long General Hospital Joint Stock Company*	31/03/2014	-	-	VND	276.42	149.70	-	-	
Hoan My Da Lat General Hospital Joint Stock Company*	31/03/2014	-	-	VND	20.62	7.36	-	-	

* Company disposed off during the year

Note: 0.00 denotes amount rounded off in lacs

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Rahul Ranjan
Company Secretary

Sandeep Puri
Chief Financial Officer

Date : May 29, 2014
Place: New Delhi

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fortis Healthcare Limited

We have audited the accompanying consolidated financial statements of Fortis Healthcare Limited ("the Company") and its subsidiaries which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

- a) Attention is drawn to note 11(A) & (B) and note 12(i) & (ii) to the financial statements regarding matters relating to tax demands and termination of certain land leases allotted by Delhi Development Authority (DDA) respectively against one of the subsidiary ("Escorts Heart Institute and Research Centre Limited") more fully described therein. Based on the advice given by the external legal counsel, no provisions/ adjustments have been considered necessary by the group in this regard in the financial statements. Our opinion is not qualified in respect of the aforesaid matter.
- b) Attention is drawn to note 11(C) to the financial statements regarding non-compliance with order

of Hon'ble High Court of Delhi in relation to provision of free treatment/ beds to poor by one of the subsidiary ("Escorts Heart Institute and Research Centre Limited") more fully described therein. Based on legal opinion, no provisions/ adjustments have been considered necessary by the group in this regard in the financial statements. Our opinion is not qualified in respect of the aforesaid matter.

- c) Attention is drawn to note 11(D) to the financial statements, relating to the order of Navi Mumbai Municipal Corporation (NMMC) received by one of the subsidiary ("Hiranandani Healthcare Private Limited"), concerning alleged contravention of the provisions of Bombay Nursing Home Registration (Amended) Act, 2005 and more fully described therein. Based on the advice given by the external legal counsel, no provisions/ adjustments have been considered necessary by the group in this regard in the financial statements. Our opinion is not qualified in respect of the aforesaid matter.

Other Matter

We did not audit the financial information of certain overseas subsidiaries whose financial information, prepared under International Financial Reporting Standards ('IFRS') or Singapore Financial Reporting Standards ('SFRS'), in the aggregate reflect total assets of ₹ 202,464.43 lacs as at March 31, 2014, total revenue of ₹ 131,371.46 lacs and net cash flows of ₹ 49,234.92 lacs for the year ended March 31, 2014. This financial information have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the management of the respective companies, copies of which have been provided to us by the Company. We also did not audit the financial information of certain overseas associates whose financial information, prepared under IFRS, in the aggregate reflect total profit of ₹ 167.80 lacs for the year ended March 31, 2014. This financial information has been prepared by the management, and our opinion is based solely on the management certified accounts. The management of the Company has converted this audited financial information of the Company's subsidiaries and associates to accounting principles generally accepted in India,

for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors or management certified accounts under the accounting policies generally accepted in respective countries and the aforesaid conversion undertaken by the management; examined by us on a test basis. Our opinion is not qualified in respect of this matter.

We did not audit the financial information of certain subsidiaries, whose financial information prepared under the generally accepted accounting principles accepted in India, in the aggregate reflect total assets of ` 213,510.40 lacs as at March 31, 2014, total revenue of ` 131,371.46 lacs and net cash flow of ` 50,375.26 lacs for the year ended March 31, 2014. This financial information has been audited by other auditors whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. We also did not audit the financial information of a subsidiary, whose financial information prepared under the generally accepted accounting principles accepted in India, whose financial statements reflect total assets of ` 504.25 lacs as at March 31, 2014, total revenue of ` 465.73 lacs and net cash flow of ` 42.89 lacs for the year ended March 31, 2014. This financial information has been prepared by the management, and our opinion is based solely on the management certified accounts. Our opinion is not qualified in respect of this matter.

We did not audit the financial information of a joint venture, whose financial statements reflect total assets of ` 618.54 lacs as at March 31, 2014, total revenue of ` 501.57 lacs and net cash outflows of ` 165.02

lacs for the year ended March 31, 2014, being the proportionate share of Fortis Group, for the year then ended. This financial information has been audited by other auditor whose report have been furnished to us. Our opinion, in so far as it relates to the affairs of such joint venture is based solely on the report of other auditor. We also did not audit the financial information of certain joint ventures, whose financial statements reflect total assets of ` 2,009.87 lacs as at March 31, 2014, total revenue of Rs 3,303.86 lacs and net cash flow of ` 404.98 lacs for the year ended March 31, 2014, being the proportionate share of Fortis Group, for the year then ended. This financial information has been prepared by the management, and our opinion is based solely on the management certified accounts. Our opinion is not qualified in respect of this matter.

We did not audit the financial information of certain associates, whose financial information reflect net profit of ` 167.80 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2014. This financial information has been prepared by the management, and our opinion is based solely on the management certified accounts. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Pankaj Chadha

Partner

Membership Number: 91813

Place of Signature: Gurgaon

Date: May 29, 2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

	Notes	March 31, 2014 ` in Lacs	March 31, 2013 ` in Lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4 (i)	46,278.63	40,953.37
Reserves and surplus	4 (ii)	381,957.85	330,133.56
		428,236.48	371,086.93
Minority Interest			
Compulsorily convertible preference shares	30	13,925.92	102,122.06
		67,000.00	67,000.00
Non-current liabilities			
Long-term borrowings	4 (iii)	165,868.42	481,735.73
Deferred tax liabilities (net)	4 (iv)	6,511.04	9,363.20
Other long term liabilities	4 (v)	4,963.55	11,869.82
Long-term provisions	4 (vi)	4,414.96	4,125.41
		181,757.97	507,094.16
Current liabilities			
Short-term borrowings	4 (vii)	4,762.44	34,635.23
Trade payables	4 (viii)	48,170.50	87,933.14
Other current liabilities	4 (ix)	40,107.51	176,785.62
Short-term provisions	4 (x)	4,573.99	11,469.81
		97,614.44	310,823.80
TOTAL		788,534.81	1,358,126.95
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	4 (xi) (a)	179,419.12	181,674.81
Intangible assets	4 (xi) (b)	235,258.45	745,734.05
Capital work-in-progress		14,248.23	23,735.13
Intangible assets under development		462.41	643.90
		429,388.21	951,787.89
Non-current investments	4 (xii)	82,396.71	79,814.15
Deferred tax assets (net)	4 (iv)	3,009.62	6,752.08
Long-term loans and advances	4 (xiii)	68,354.41	57,395.15
Other non-current assets	4 (xiv)	890.81	6,801.26
		584,039.76	1,102,550.53
Current assets			
Current investments	4 (xv)	99,340.99	38,930.27
Inventories	4 (xvi)	6,197.57	9,250.26
Trade receivables	4 (xvii)	44,229.50	66,278.36
Cash and bank balances	4 (xviii)	25,854.42	51,169.70
Short-term loans and advances	4 (xix)	22,586.01	82,063.35
Other current assets	4 (xx)	6,286.56	7,884.48
		204,495.05	255,576.42
TOTAL		788,534.81	1,358,126.95

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place : Gurgaon
Date : May 29, 2014

**For and on behalf of the Board of Directors of
Fortis Healthcare Limited**

Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Place : New Delhi
Date : May 29, 2014

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Notes	March 31, 2014 ` in Lacs	March 31, 2013 ` in Lacs
Continuing Operations			
INCOME			
Revenue from operations	4 (xxi)	366,566.60	304,233.62
Other income	4 (xxii)	16,970.23	15,112.25
Exceptional items	4 (xxviii)	-	99,588.79
Total revenue		383,536.83	418,934.66
EXPENDITURE			
Purchase of medical consumables and drugs [Net of the amount capitalised (refer note 23)]		86,603.82	78,835.73
(Increase)/ decrease in inventories of medical consumables and drugs	4 (xxiii)	3,036.11	(1,145.91)
Employee benefits expense	4 (xxiv)	77,167.38	62,764.23
Other expenses	4 (xxv)	194,970.65	141,539.97
Exceptional items	4 (xxviii)	512.55	-
Total expenses		362,290.51	281,994.02
Earnings before interest, tax, depreciation and amortization (EBITDA)		21,246.32	136,940.64
Finance costs	4 (xxvi)	25,439.40	46,131.65
Profit/ (loss) before tax, depreciation and amortization		(4,193.08)	90,808.99
Depreciation and amortization expense	4 (xxvii)	21,247.78	22,875.23
Profit/ (loss) before tax		(25,440.86)	67,933.76
Tax expenses:			
Current tax (including MAT payable) [including earlier years tax of ` 230.53 lacs (Previous year ` 258.13 lacs)] (refer note 26)		5,598.01	16,387.12
Less: MAT Credit Entitlement		(239.23)	(6,855.65)
Deferred tax charge/ (credit)		(3,694.20)	7,950.72
Total tax expenses		1,664.58	17,482.19
Profit/ (loss) after tax and before minority interest and share in profits of associate companies		(27,105.44)	50,451.57
Share in profits of associate companies		1,131.94	822.38
Profit/ (loss) after tax and before minority interest		(25,973.50)	51,273.95
Profits attributable to minority interest		99.33	2,774.17
Profit/ (loss) for the year from continuing operations (A)		(26,072.83)	48,499.78
Discontinuing Operations			
Profit before tax from discontinuing operations	32	39,756.06	11,634.72
Tax expense of discontinuing operations		985.85	5,649.40
Profit after tax and before minority interest from discontinuing operations		38,770.21	5,985.32
Profits attributable to minority interest		396.77	4,492.86
Share in profits/ (losses) of associate companies		(46.37)	1.36
Profit for the year from discontinuing operations (B)		38,327.07	1,493.82
Profit for the year (A+B)		12,254.24	49,993.60
Earnings/ (loss) per share [Nominal value of shares ` 10/- each (Previous year ` 10/- each)]	4 (xxix)		
Basic (on continuing operations)		(5.75)	11.97
Diluted (on continuing operations)		(5.75)	11.96
Basic (on total profit for the year)		2.70	12.34
Diluted (on total profit for the year)		2.70	12.33
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place : Gurgaon
Date : May 29, 2014

**For and on behalf of the Board of Directors of
Fortis Healthcare Limited**

Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Place : New Delhi
Date : May 29, 2014

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	March 31, 2014 in Lacs	March 31, 2013 in Lacs
A. Cash flow from operating activities		
Profit/ (loss) before tax from continuing operations	(24,408.25)	65,981.97
Profit before tax from discontinuing operations	39,312.92	7,143.22
	<u>14,904.67</u>	<u>73,125.19</u>
Adjustments for:		
Depreciation and amortization expense on continuing operation	21,247.78	20,373.47
Depreciation and amortization expense on discontinuing operation	3,538.64	8,849.58
Impairment on intangible assets on continuing operation	-	2,501.76
Impairment on intangible assets on discontinuing operation	-	5,334.00
Loss on sale of fixed assets	980.30	335.38
Profit on redemption of mutual funds	(1,866.58)	(1,416.50)
Provision for doubtful receivables	4,877.57	3,065.84
Provision for doubtful advances	163.65	66.97
Provision for contingencies	74.95	167.28
Bad debts and sundry balances written off	2,676.10	928.46
Arrangement fees written off	10.72	10.92
Finance charges	765.92	9,374.71
Foreign exchange fluctuation loss (net)	2,973.30	3,469.57
Unclaimed balances and excess provisions written back	(394.55)	(1,180.18)
Wealth tax	23.77	20.31
Interest income	(9,048.76)	(10,702.64)
Interest expense	26,674.00	46,157.22
Profits transferred to Minority Interest	496.10	7,267.03
Share in profits of associate companies	(1,085.57)	(823.74)
Operating profit before working capital changes	<u>67,012.01</u>	<u>166,924.63</u>
Movements in working capital :		
Increase in trade receivables	(12,488.10)	(16,972.56)
Increase in inventories	(271.16)	(1,378.91)
(Increase)/ decrease in loans and advances	5,707.36	(3,333.30)
Increase in other assets	(3,216.23)	(808.44)
Increase in trade payables, other liabilities and provisions	2,344.99	44,891.46
Cash generated from operations	<u>59,088.87</u>	<u>189,322.88</u>
Direct taxes paid (net of refunds)	(10,490.08)	(24,963.57)
Net cash flow from operating activities (A)	<u>48,598.79</u>	<u>164,359.31</u>
B. Cash flows from investing activities		
Purchase of fixed assets	(60,020.58)	(40,029.89)
Proceeds from sale of fixed assets	5,888.45	247.66
Investment in bank deposits	(35.56)	(4,189.13)
Redemption/ maturity of bank deposits	2,506.60	1,255.42
Loans to body corporates and others (given)/ repayments (net)	36,940.97	1,248.13
Loans to subsidiaries (given)/ repayments (net)	-	145.00
Proceeds/ (purchase) of investments in subsidiaries and associates	328,775.83	(53,568.52)
Purchase of investments in mutual funds (net)	(58,544.14)	(16,136.24)
Interest received	10,716.29	10,745.58
Net cash flow from/ (used in) investing activities (B)	<u>266,227.86</u>	<u>(100,281.99)</u>
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital [including securities premium of ₹ 48,812.18 lacs (Previous Year ₹ 17.24 lacs), net of expenses incurred for issue of equity shares of ₹ 1,887.01 lacs (Previous Year Nil)]	52,710.19	20.00
Redemption of non-cumulative redeemable preference shares [including premium of ₹ 8,045.62 lacs (Previous Year Nil)]	(8,478.26)	-
Proceeds from issuance of 4.66%+LIBOR Foreign currency convertible bonds	17,825.94	-
Proceeds from issuance of 4.86%+LIBOR Foreign currency convertible bonds	31,422.93	-
Proceeds from issuance of Compulsorily convertible preference shares	-	67,000.00
Proceeds from issuance of non convertible debentures	-	30,000.00
Redemption of non convertible debentures including premium	(30,000.00)	(42,556.02)
Proceeds from long-term borrowings	12,628.97	286,259.82
Repayments of long term borrowings	(362,107.62)	(42,966.52)
Proceeds/ (repayments) of short-term borrowings (net)	2,104.36	(239,892.34)
Loan arrangement fees (paid)/ refunded (net)	(62.64)	(9,746.35)
Interest paid	(37,767.73)	(55,525.38)
Net cash flow used in financing activities (C)	<u>(321,723.86)</u>	<u>(7,406.79)</u>
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	<u>(6,897.21)</u>	<u>56,670.53</u>
Add: Cash and cash equivalents at the beginning of the year	48,458.34	40,500.41
Effect of exchange differences on cash and cash equivalents held in foreign currency	(120.98)	426.08
Add: Cash and cash equivalents in respect of subsidiaries disposed off during the year (refer note 32)	(16,760.21)	(48,286.52)
Cash and cash equivalents at the end of the year	<u>24,921.90</u>	<u>48,458.34</u>
Components of cash and cash equivalents:		
Cash in hand	711.31	788.76
Cheques in hand	92.53	528.59
Balances with banks on current and cash credit accounts	23,563.88	45,380.19
Balances with banks on unpaid dividend account	5.82	-
Balances with banks on deposit accounts	1,480.88	4,472.16
	<u>25,854.42</u>	<u>51,169.70</u>
Less: Deposits not considered as cash equivalents	932.52	2,711.36
Total cash and cash equivalents	<u>24,921.90</u>	<u>48,458.34</u>
Summary of significant accounting policies	2	

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No: 91813

For and on behalf of the Board of Directors of
Fortis Healthcare Limited

Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Nature of operations

Fortis Healthcare Limited (the 'Company' or 'FHL') was incorporated in the year 1996 and commenced its hospital operations in the year 2001. As part of its business activities, the Company holds interests in its subsidiaries, joint ventures and associate companies through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. The Company's foreign currency convertible bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange and 4.66%+ LIBOR foreign currency convertible bonds are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

2. Summary of significant accounting policies

(a) Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements ("CFS") have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The CFS has been prepared on an accrual basis and under the historical cost convention, except in case of certain fixed assets of certain subsidiaries, for which revaluation was carried out in earlier years.

The accounting policies have been consistently applied by the 'Fortis Group' (as defined under 'Composition of the Group' in note 3 below) and are consistent with those used in the previous year.

(b) Principles of Consolidation

The CFS relates to FHL and its subsidiaries, joint ventures and associates ('Fortis Group' or 'Group'). In the preparation of the CFS, investments in subsidiaries, associates and joint ventures are accounted for in accordance with the requirements of Accounting Standard (AS) 21 (Consolidated Financial Statements), AS 23 (Accounting for Investments in Associates) and AS 27 (Accounting for Interest in Joint Ventures) notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The CFS is prepared on the following basis:

- (i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence.
- (ii) The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year or if there is any indication of impairment. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.
- (iii) Minorities' interest in net profits/losses of the subsidiaries for the year is identified and included in the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by FHL, being the holding company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- (iv) Investments in associates are accounted for using the equity method. The difference between the cost of investment in associate and the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill or capital reserve, as the case may be and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment except where the Company has contractual obligation to share the losses beyond the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by FHL) are recouped.
- (v) The Company reports its interest in a jointly controlled entity using proportionate consolidation method wherein the assets, liabilities, income and expenses of the jointly controlled entity are proportionately consolidated.
- (vi) As far as possible, the CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements, Where it is not practicable to use uniform accounting policies, differences in accounting policies are disclosed separately in accordance with AS 21 (Consolidated Financial Statements).
- (vii) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2014.

(c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(d) Tangible fixed assets

Fixed assets are stated at cost (or fair value at the time of acquisition under slump sale or revalued amounts, as the case may be) less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(e) Depreciation on tangible fixed assets

- (i) Except as stated in para (ii), (iii) and (iv) below, depreciation on all fixed assets within the Fortis Group is provided for using the Straight Line method (SLM) at higher of the rates arrived at as per the useful lives of the assets as estimated by the management or where applicable,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

those prescribed under Schedule XIV of the Companies Act, 1956. The Company has used the following rates to provide the depreciation on its fixed assets:-

S. No.	Assets	Rates (SLM)
1	Building	2% to 20%
2	Plant & Machinery	4.75% to 33.33%
3	Medical equipments	7.07% to 87.15%
4	Furniture & Fittings	6.33% to 33.33%
5	Computers	10% to 100%
6	Office equipments	4.75% to 33.33%
7	Vehicles	9.50% to 54.15%

- (ii) Depreciation on Leasehold Improvements is provided over the period of lease or over the useful lives of the respective fixed assets, whichever is shorter.
- (iii) Leasehold land is amortized over the period of lease except in respect of one subsidiary (Previous year one subsidiary) where the same is available on perpetual lease basis [(100.00% Previous year 100%) of net block of leasehold land of the Fortis Group aggregating to ` 398.22 lacs (Previous year ` 398.22 lacs) as at March 31, 2014].
- (iv) In respect of a subsidiary, depreciation is being provided for using the Written Down Value method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956 [amounts to 5.18% (Previous year 4.53%) of the total net block of fixed assets (excluding leasehold and freehold land) of the Group aggregating to ` 148,132.38 lacs (Previous year ` 175,456.79 lacs) as at March 31, 2014]. The rates used at written down value method is as follows:-

S. No.	Assets	Rates (WDV)
1	Building	10%
2	Plant & Machinery	13.91%
3	Medical equipments	25.88%
4	Furniture & Fittings	25.88%
5	Computers	40%
6	Office equipments	13.91%
7	Vehicles	25.89%

- (v) Individual assets with cost not exceeding ` 5,000 are depreciated fully in the year of purchase in accordance with Companies Act, 1956, in entities registered in India.
- (vi) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the revaluation reserve account.

(f) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the statement of profit and loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

All direct capital expenditures on expansion are capitalized. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

Expenditure of administrative or general overheads nature incurred during the startup and commissioning of the hospital project, including such expenditure on test run, is usually capitalized as an indirect element of construction costs. However, expenditure incurred post commercial launch of the hospital is charged to statement of profit and loss.

(g) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs which meet capitalization criteria, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Intangible assets are tested for impairment annually, either individually or at the cash-generating unit level.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Technical Know-how Fees

Technical know-how fees are amortized over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

Software

Cost of software is amortized over the useful life of the software.

License fee

License fee capitalized as an intangible asset is amortized over a period of 4-10 years, being the management estimate of the useful life of the asset.

Right of Use of Land

Right of use of land capitalized as an intangible asset and is not amortized, considering the right is available on perpetual basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**Non-Compete fee**

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business by a subsidiary is capitalized and amortized over an estimated useful life of 3-5 years over which the benefits are likely to accrue, on a straight line basis.

Internally generated assets costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the asset.
- its ability to use or sell the asset.
- the asset will generate future economic benefits.
- the availability of adequate resources to complete the development and to use or sell the asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Expenditure on development activities, whereby research findings are applied to a plan or design for the new or substantially improved tests, is capitalized, if the cost can be reliably measured, the test is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads including rent that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in the statement of profit and loss as an expense as incurred. During the period of development, the asset is tested for impairment annually.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated below. Materials identified for use in research and development process are carried as inventories and charged to statement of profit and loss on issuance of such materials for research and development activities.

Fixed assets used for research and development are amortized over a period of five years being the useful life, as estimated by the management.

Trademarks

Trademarks acquired separately are measured on initial recognition at cost. The cost of trademarks acquired in the nature of purchase is at fair value as on the date of acquisition. Following initial recognition, trademarks are carried at cost less accumulated amortization and impairment losses, if any. They are amortized on the straight line basis over the estimated useful economic life.

Goodwill on acquisition

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in the statement of profit and loss.

(i) Impairment of Tangible and Intangible assets

- a. The carrying amounts of assets are reviewed at each balance sheet date or if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company. Impairment loss is recognised in the statement of profit and loss.
- b. Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.
- c. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- d. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(j) Leases

Where a group entity is lessee

- a). Finance leases, which effectively transfer to a Group entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Group entity will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the lower of the estimated useful life of the asset or the lease term.
- b). Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Where a group entity is lessor

- a) Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.
- b) Assets subject to operating leases are included in fixed assets. Lease income is recognized in the statement of profit and loss on a straight line basis over the lease term. Costs, including depreciation, are recognized as expense in the statement of profit and loss.

(k) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such long term investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(l) Inventories

Inventory of medical consumables, drugs and stores and spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis, except for five of the subsidiaries where it is determined on First-in First-out basis [36.48 % (Previous year 26.94 %) of total inventories of Fortis Group aggregating ` 6,197.57 lacs (Previous year ` 9,250.26 lacs) as at March 31, 2014]. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs incurred to make the sale.

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Service Income from operations

Operating income including inpatient and outpatient services, laboratory/ clinical services, management fees from hospitals, management fees from laboratories and income from satellite centers are recognized as and when the services are rendered. Management fee from hospitals and income from medical services is recognised as per the contractual obligations arising out of the contractual arrangements with respective hospitals.

Income from Rehabilitation Centre

Revenue is recognised as and when the services are rendered at the rehabilitation centre.

Rental Income and Equipment Lease Rentals

Revenue is recognized in accordance with the terms of lease agreements entered into with the respective lessees on a straight line basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Income from Academic Services

Revenue is recognized on pro-rata basis on completion of such services over the duration of the program.

Income from Clinical Research

Revenue is recognized as and when the services are rendered in accordance with the terms of the respective agreements.

Income from medical, dental and other service contracts

The Group has certain medical, dental and other service contracts, in which the Group agrees to provide specific services over the terms of the contracts for a fixed-fee in which the level of services depends on uncertain future events (the "Fixed-fee Contracts"). Fees received or receivable under the Fixed-fee Contracts are recognized on a time proportion basis over the terms of the Fixed-fee Contracts. Expenses incurred in connection with the Fixed-fee Contracts are charged to the profit or loss as incurred. Deficiency in the contract liabilities is immediately charged to the statement of profit and loss by establishing a provision for losses.

Sale of pharmacy items

Revenue from sale of goods is recognized when all significant risks and rewards of ownership of goods have been passed to the buyer, usually on delivery of the goods.

Income from sale of scrap and plasma

Revenue from sale of scrap and plasma is recognized when all significant risks and rewards of ownership of goods have been passed to the buyer, usually on delivery of the goods.

Export benefits

Income from 'Served from India Scheme' is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received.

Income from sponsorship fees

Sponsorship income is recognized when the underlying obligations are completed as per contractual terms.

Deferred revenue

Deferred revenue represents service fees received in advance of the performance of the relevant services. Deferred revenue is released to and recognized in the statement of profit and loss when the corresponding services are rendered or on a time proportion basis over the terms of the service contracts.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend is recognized if the right to dividend is established by the balance sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**(n) Unamortized finance charges**

Cost incurred in raising funds is amortized on straight line basis over the period for which the funds are obtained.

(o) Foreign Currency Transactions and balances**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined

(iii) Exchange Differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 2 and 3 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability**

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(2) and (iii)(3) above.

(v) Translation of Integral and non-integral foreign operation

The company classifies all its foreign operations as either “integral foreign operations” or “non-integral foreign operations.”

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average - rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(p) Retirement and other employee benefits:**I. In respect of Companies incorporated in India.****(i) Contributions to Provident Fund**

The entities comprised within the Fortis Group make contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when an employee renders the related service.

The provident fund contribution of certain employees of the group is being deposited with “Fortis Healthcare Limited Provident Fund Trust” and “Escorts Heart Institute and Research Centre Limited Provident Fund Trust”; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligations other than the contribution payable to the fund.

(ii) Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using the projected unit credit method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Two of the subsidiaries of the Company have taken insurance policy under the Group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the amount paid/ payable in respect of present value of liability of past services is charged to the statement of profit and loss every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the statement of profit and loss.

(iii) Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and/or contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(iv) Actuarial gains/ losses

Actuarial gains/losses are recognized in the statement of profit and loss as they occur.

II. In respect of Companies incorporated outside India**(i) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the local authority. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed in the period that relevant employee services are received.

(ii) Short term employee benefits

Short term employee benefits comprise employee costs such as salaries, bonuses and paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Group.

The liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date are considered as short term benefits and are recognized on the basis of the estimated value of benefit expected to be availed by the employees.

(q) Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

(r) Employee Stock Compensation Cost

Recognition, measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**(s) Earnings Per Share**

Basic earnings per share is calculated by dividing the net consolidated profit for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net consolidated profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(t) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(v) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(w) Derivative instruments

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle. If there is a mark to market loss then same is charged to the statement of profit and loss. Net gains are ignored as a matter of prudence.

(x) Segment reporting*Identification of segments*

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The group generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014*Unallocated items*

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(y) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company includes interest income included under other income, but does not include depreciation and amortization expense, finance costs and tax expense.

3. Composition of the Group

The list of Subsidiaries, Associates and Joint Ventures considered in the preparation of the consolidated financial statements are as follows:-

Name of the Group Company		Country of Incorporation	Proportion of ownership interest as at March 31, 2014	Proportion of ownership interest as at March 31, 2013
a) Subsidiaries				
Hiranandani Healthcare Private Limited (HHPL)	India	85.00%	85.00%	
Fortis Hospotel Limited (FHTL) (Refer note a below)	India	64.72%	64.72%	
Fortis Health Management (West) Limited (FHM(W)L)	India	100.00%	100.00%	
Fortis Health Management (East) Limited (FHM(E)L)	India	88.00%	88.00%	
Fortis Health Management (South) Limited (FHM(S)L)	India	100.00%	100.00%	
Fortis Health Management (North) Limited (FHM(N)L) (Refer note e below)	India	-	100.00%	
Fortis Healthcare International Limited (FHIL)	Mauritius	100.00%	100.00%	
Escorts Heart Institute and Research Centre Limited (EHIRCL)	India	100.00%	100.00%	
Lalitha Healthcare Private Limited (LHPL)	India	67.23%	67.23%	
Fortis Malar Hospitals Limited (FMHL)	India	63.20%	63.20%	
Fortis Hospitals Limited (FHsL)	India	100.00%	100.00%	
Fortis Global Healthcare (Mauritius) Limited (FGHL)	Mauritius	100.00%	100.00%	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2014	Proportion of ownership interest as at March 31, 2013
Malar Stars Medicare Limited (MSML)	India	63.20%	63.20%
Fortis Asia Healthcare Pte. Limited (FAHPL)	Singapore	100.00%	100.00%
Fortis C-Doc Healthcare Limited (C-Doc)	India	60.00%	60.00%
Fortis HealthStaff Limited (FHSL)	India	29.00%	29.00%
SRL Limited	India	71.49%	71.49%
SRL Diagnostics Private Limited	India	71.49%	71.49%
Fortis Healthcare International Pte Limited (FHIPL)	Singapore	100.00%	100.00%
Fortis Healthcare Australia Pty Ltd	Australia	100.00%	100.00%
Dental Corporation Holdings Limited (Refer note b below)	Australia	-	63.51%
Dental Corporation Pty Limited (Refer note b below)	Australia	-	63.51%
D C Holdings WA Pty Ltd (Refer note b below)	Australia	-	63.51%
Dental Care Network Pty Limited (Refer note b below)	Australia	-	63.51%
Dental Corporation (NZ) Limited (Refer note b below)	New Zealand	-	63.51%
Hazel Ridge Pty Limited (Refer note b below)	Australia	-	63.51%
John M Levas Pty Limited (Refer note b below)	Australia	-	63.51%
Scot Petrie Dental Pty Limited (Refer note b below)	Australia	-	63.51%
Dental Corporation Petrie Pty Limited (Refer note b below)	Australia	-	63.51%
Dental Corporation Cox Pty Limited (Refer note b below)	Australia	-	63.51%
Dental Corporation Levas Pty Limited (Refer note b below)	Australia	-	63.51%
Larry Benge Pty Limited (Refer note b below)	Australia	-	63.51%
Dr Chris Hardwicke Pty Limited (Refer note b below)	Australia	-	63.51%
Fortis Healthcare Singapore Pte Ltd	Singapore	100.00%	100.00%
Radlink-Asia Pte Limited (Radlink)	Singapore	100.00%	100.00%
Drs Thompson & Thompson (Radlink Medicare) Pte Limited	Singapore	85.00%	85.00%
Radlink Medicare Pte Limited	Singapore	100.00%	100.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2014	Proportion of ownership interest as at March 31, 2013
Radlink Medicare (Bishan) Pte Limited	Singapore	70.00%	70.00%
Radlink Medicare (Woodlands) Pte Limited	Singapore	70.00%	70.00%
Radlink Medicare (Tampines) Pte Limited	Singapore	100.00%	100.00%
Radlink Medicare (Jurong East) Pte Limited	Singapore	100.00%	100.00%
Clinic 1866 Pte Limited	Singapore	100.00%	100.00%
Radlink Diagnostic Imaging (s) Pte Limited	Singapore	100.00%	100.00%
Drs Lim Hoe & Wong Radiology Pte limited	Singapore	100.00%	100.00%
Healthcare Diagnostic Services Pte Limited	Singapore	100.00%	100.00%
Radlink Women & Fetal Imaging Centre Pte Limited	Singapore	100.00%	100.00%
Radlink Pet & Cardiac Imaging Centre Pte Limited	Singapore	100.00%	100.00%
Singapore Radiopharmaceutic Als Pte Limited	Singapore	100.00%	100.00%
Singapore Molecular Therapy Centre Pte Limited	Singapore	100.00%	100.00%
Healthcare Clinic and Surgery Pte. Limited	Singapore	100.00%	100.00%
Altai Investments Limited (refer note d below)	British Virgin Islands	-	100.00%
Quality HealthCare Limited (refer note d below)	British Virgin Islands	-	100.00%
Quality HealthCare Hong Kong Limited (refer note d below)	Hong Kong	-	100.00%
Green Apple Associates Limited (refer note d below)	British Virgin Islands	-	100.00%
Quality HealthCare Medical Services Limited (refer note d below)	Hong Kong	-	100.00%
Fortis HealthCare Hong Kong Limited (refer note d below)	Hong Kong	-	100.00%
Quality Healthcare Medical Services (Macau) Limited (refer note d below)	Macau	-	100.00%
Quality HealthCare Chinese Medicine Limited (refer note d below)	Hong Kong	-	100.00%
Marvellous Way Limited (refer note d below)	Hong Kong	-	100.00%
Universal Lane Limited (refer note d below)	Hong Kong	-	100.00%
DB Health Services Limited (refer note d below)	Hong Kong	-	100.00%
Quality HealthCare Medical Centre Limited (refer note d below)	Hong Kong	-	100.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2014	Proportion of ownership interest as at March 31, 2013
Quality HealthCare Professional Services Limited (refer note d below)	Hong Kong	-	100.00%
SmartLab Limited (refer note d below)	Hong Kong	-	100.00%
Allied Medical Practices Guild Limited (refer note d below)	Hong Kong	-	100.00%
GlobalRx Limited (refer note d below)	Hong Kong	-	100.00%
Fortis Hospitals Hong Kong Limited (refer note d below)	Hong Kong	-	100.00%
Normandy (Hong Kong) Limited (refer note d below)	Hong Kong	-	100.00%
Great Option Limited (refer note d below)	Hong Kong	-	100.00%
Healthcare Opportunities Limited (refer note d below)	British Virgin Islands	-	100.00%
TCM Products Limited (refer note d below)	British Virgin Islands	-	100.00%
GHC Holdings Limited (refer note d below)	Hong Kong	-	100.00%
CASE Specialist Limited (refer note d below)	Hong Kong	-	100.00%
Jadeast Limited (refer note d below)	Hong Kong	-	100.00%
Jadefairs International Limited (refer note d below)	Hong Kong	-	100.00%
Jadway International Limited (refer note d below)	Hong Kong	-	100.00%
Megafaith International Limited (refer note d below)	Hong Kong	-	100.00%
Jadison Investment Limited (refer note d below)	Hong Kong	-	100.00%
Berkshire Group Limited (refer note d below)	British Virgin Islands	-	100.00%
Central Medical Diagnostic Centre Limited (refer note d below)	Hong Kong	-	70.00%
Central MRI Centre Limited (refer note d below)	Hong Kong	-	70.00%
Central Medical Laboratory Limited (refer note d below)	Hong Kong	-	70.00%
Central PET/CT Scan Limited (refer note d below)	Hong Kong	-	70.00%
Portex Limited (refer note d below)	Hong Kong	-	100.00%
Quality HealthCare Services Limited (refer note d below)	British Virgin Islands	-	100.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2014	Proportion of ownership interest as at March 31, 2013
Quality HealthCare Psychological Services Limited (refer note d below)	Hong Kong	-	100.00%
Quality EAP (Macau) Limited (refer note d below)	Macau	-	100.00%
Quality HealthCare Dental Services Ltd (refer note d below)	Hong Kong	-	100.00%
Quality HealthCare Physiotherapy Services Limited (refer note d below)	Hong Kong	-	100.00%
Quality HealthCare Nursing Agency Limited (refer note d below)	Hong Kong	-	100.00%
Dynamic People Group Limited (refer note d below)	British Virgin Islands	-	100.00%
Mena Healthcare Investment Company Limited	British Virgin Islands	82.54%	82.54%
Super Religare Laboratories International FZ LLC	UAE	100.00%	100.00%
Medical Management Company Limited	British Virgin Islands	82.54%	82.54%
Swindon Limited (refer note c below)	British Virgin Islands	-	78.13%
VOF PE Holding2 Limited (refer note c below)	Cayman Island	-	78.13%
Fortis Hoan Medical My Corporation (refer note c below)	Vietnam	-	61.21%
Fortis Hoan My Saigon General Hospital Joint Stock Company (refer note c below)	Vietnam	-	61.20%
Hoan My Clinic Company Limited (refer note c below)	Vietnam	-	51.11%
Hue Hoan My General Hospital Joint Stock Company (refer note c below)	Vietnam	-	57.33%
Hoan My Da Nang General Hospital Joint Stock Company (refer note c below)	Vietnam	-	40.06%
Hoan My Cuu Long General Hospital Joint Stock Company (refer note c below)	Vietnam	-	54.72%
Hoan My Da Lat General Hospital Joint Stock Company (refer note c below)	Vietnam	-	53.48%
Fortis Healthcare Vietnam Company Limited (refer note c below)	Vietnam	-	78.13%
Fortis Healthcare Middle East LLC	United Arab Emirates	49.00%	49.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Name of the Group Company		Country of Incorporation	Proportion of ownership interest as at March 31, 2014	Proportion of ownership interest as at March 31, 2013
b) Associates				
Sunrise Medicare Private Limited	India	31.26%	31.26%	
Medical and Surgical Centre Limited	Mauritius	28.89%	28.89%	
Fortis Medicare International Limited	Mauritius	49.00%	49.00%	
Fortis Emergency Services Limited	India	49.00%	49.00%	
Lanka Hospitals Corporation Plc	Sri Lanka	28.60%	28.60%	
Town Hall Clinic	Singapore	25.50%	25.50%	
Hoan My Minh Hai (refer note c below)	Vietnam	-	18.36%	
Hoan My Orb Corporation (refer note c below)	Vietnam	-	18.36%	
Hoan My Thien The (refer note c below)	Vietnam	-	18.36%	
International Hospital Limited (IHL)	India	28.00%	28.00%	
Escorts Heart and Super Speciality Institute Limited (EHSSIL)	India	28.00%	28.00%	
Escorts Hospital and Research Centre Limited (EHRCL)	India	28.00%	28.00%	
Escorts Heart and Super Speciality Hospital Limited (EHSSHL)	India	28.00%	28.00%	
Kanishka Healthcare Limited (KHL)	India	28.00%	28.00%	
Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL)	Singapore	28.00%	28.00%	
Hospitalia Eastern Private Limited (HEPL)	India	28.00%	28.00%	
Religare Health Trust (RHT)	Singapore	28.00%	28.00%	
Fortis Health Management Limited (FHML)	India	28.00%	28.00%	
c) Joint Ventures				
Fortis Cauvery	India	51.00%	51.00%	
DDRC SRL Diagnostics Services Private Limited (DDRC)	India	50.00%	50.00%	
Super Religare Reference Laboratories (Nepal) Private Limited (SRRLPL)	Nepal	50.00%	50.00%	

Notes:-

- a) As per Shareholders Agreement ('SHA') signed between FHML, the Company and FHTL, the Company has agreed to divest its stake of 51% in FHTL to FHML on receiving of certain regulatory approvals. However, as per the SHA, there are severe long term restrictions on transfers of funds to the Company by FHTL; accordingly FHTL is not being consolidated w.e.f. October 19, 2012 by the Company. (Refer note 25(d)).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- b) During the year ended March 31, 2014, Fortis Healthcare Australia Pty Limited (FHA), a wholly owned subsidiary of the company divests its entire stake in Dental Corporation along with its subsidiaries to BUPA.
- c) During the year ended March 31, 2014, Fortis Healthcare International Pte. Ltd., a wholly owned subsidiary of the Company divests its entire stake in Fortis Hoan My Medical Corporation (Vietnam) along with its subsidiaries to Viva Holdings Vietnam (Pte.) Ltd.
- d) During the year ended March 31, 2014, Fortis Healthcare International Pte. Ltd., a wholly owned subsidiary of the company divests its entire stake in Altai Investments Limited, the holding company of Quality Healthcare along with its subsidiaries to BUPA International Limited.
- e) During the year ended March 31, 2014, Hon'ble High Court of India approved the scheme of amalgamation of Fortis Health Management (North) Limited ("FHMNL") with Fortis Hospitals Limited ("FHsL") both wholly owned subsidiaries of the company. As a result FHMNL ceases to exist at the close of reporting period (refer note 26).

4 (i) Share capital

	March 31, 2014 ` in Lacs	March 31, 2013 ` in Lacs
Authorised shares (Nos.)		
600,000,000 (Previous year 600,000,000)	60,000.00	60,000.00
Equity shares of ` 10 each		
200 (Previous year 200) Class 'A' Non- Cumulative Redeemable Preference Shares of ` 100,000 each	200.00	200.00
11,498,846 (Previous year 11,498,846) Class 'B' Non- Cumulative Redeemable Preference Shares of ` 10 each	1,149.88	1,149.88
64,501,154 (Previous year 64,501,154) Class 'C' Cumulative Redeemable Preference Shares of ` 10 each	6,450.12	6,450.12
Total authorised share capital	67,800.00	67,800.00
Issued shares (Nos.)		
462,786,314 (Previous year 405,207,335)	46,278.63	40,520.73
Equity shares of ` 10 each		
Nil (Previous Year 1,600,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 10 each	-	160.00
Nil (Previous Year 3,196,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 10 each	-	319.60
Total issued share capital	46,278.63	41,000.33
Subscribed and fully paid up shares (Nos.)		
462,786,314 (Previous year 405,207,335)	46,278.63	40,520.73
Equity shares of ` 10 each		
Nil (Previous Year 1,450,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 10 each	-	145.00
Nil (Previous Year 3,196,000) Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 9 each	-	287.64
Total subscribed and fully paid up share capital	46,278.63	40,953.37

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**
Equity Shares

Particulars	March 31, 2014		March 31, 2013	
	Number	Value ` in Lacs	Number	Value ` in Lacs
At the beginning of the year	405,207,335	40,520.73	405,179,715	40,517.97
Issued during the year: Institutional Placement Programme (refer note 27)	34,993,030	3,499.30	-	-
Issued during the year: Preferential allotment (refer note 28 and 29)	22,571,149	2,257.12	-	-
Issued during the year: Employee Stock Option Plan (ESOP) (refer note 14)	14,800	1.48	27,620	2.76
Outstanding at the end of the year	462,786,314	46,278.63	405,207,335	40,520.73

Preference Shares- Class 'C' Zero percent Cumulative Redeemable Preference Shares of ` 10 each

Particulars	March 31, 2014		March 31, 2013	
	Number	Value ` in Lacs	Number	Value ` in Lacs
At the beginning of the year	1,450,000	145.00	1,450,000	145.00
Redeemed during the year	(1,450,000)	(145.00)	-	-
Outstanding at the end of the year	-	-	1,450,000	145.00

Preference Shares- Class 'C' Zero percent Cumulative Redeemable Preference Shares of ` 9 each

Particulars	March 31, 2014		March 31, 2013	
	Number	Value ` in Lacs	Number	Value ` in Lacs
At the beginning of the year	3,196,000	287.64	3,196,000	287.64
Redeemed during the year	(3,196,000)	(287.64)	-	-
Outstanding at the end of the year	-	-	3,196,000	287.64

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**(c) Terms of redemption of preference shares**

During the year ended March 31, 2009, the Company issued 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 90 per share. Preference shares were redeemable at a premium of ₹ 117.69 per preference share, on October 18, 2010, however, the date of redemption of October 18, 2010 has been deferred to October 18, 2014 at the redemption premium of ₹ 198.20 per share. Both the Company and the subscriber had an option for early redemption of the Preference Shares. In case the early redemption option would have been exercised, the premium on redemption shall be adjusted proportionately. Preference shares were redeemed on October 28, 2013 at a redemption price of ₹ 184.96 including redemption premium of ₹ 174.96 per share.

During the year ended March 31, 2008, the Company issued 11,500,000 Class 'C' zero percent cumulative redeemable preference shares of ₹ 10 each at a premium of ₹ 90 per share, out of which 3,196,000 zero percent cumulative redeemable preference shares were still pending for redemption at the beginning of the year. These shares were redeemable at ₹ 175 per share, including premium, on October 18 of 2008, 2009, 2010, 2011 and 2012 respectively in installment of ₹ 1,437.50 lacs each and installment of ₹ 12,937.50 lacs on October 18, 2013. The Company had the option to make voluntary premature redemption of the Shares in part or in full in which event the redemption premium would have been computed @ 12% compounded annually on the subscription amount from the subscription date till the redemption date. However, the due date of redemption in 2009, 2010, 2011, 2012 and 2013 respectively has been postponed to October 18, 2014 and due to this, the Company has agreed to pay additional redemption premium calculated at 12%, 12.5%, 13%, 13% and 13% respectively on the redemption amounts due in respective years. In the event of liquidation of the Company before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital. Preference shares were redeemed on October 28, 2013 at a redemption price of ₹ 181.36 including redemption premium of ₹ 172.36 per share.

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries**Equity Shares**

Name of Shareholder	March 31, 2014		March 31, 2013	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,529	32,959.15	329,591,530	32,959.15
RHC Holding Private Limited, the ultimate holding Company	218,250	21.83	218,250	21.83

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2014		March 31, 2013	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
RHC Holding Private Limited, the ultimate holding Company	-	-	1,450,000	145.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 9 each**

Name of Shareholder	March 31, 2014		March 31, 2013	
	Number	Value ` in Lacs	Number	Value ` in Lacs
RHC Holding Private Limited, the ultimate holding Company	-	-	3,196,000	287.64

(e) Details of shareholders holding more than 5% shares in the Company**Equity Shares**

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,529	71.22%	329,591,530	81.34%
International Finance Corporation	25,793,949	5.57%	-	-

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 10 each

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	-	-	1,450,000	100%

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ` 9 each

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	-	-	3,196,000	100%

As per records of the Company, including its register of share holders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company (refer note 14).

(g) Shares reserved for issued on conversion

For details of shares reserved for issue on conversion of bonds, please refer note 17, 18 and 19 regarding terms of conversion/ redemption of bonds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ` in lacs	March 31, 2013 ` in lacs
4 (ii) Reserves and surplus		
i Securities premium reserve		
Balance as per the last financial statements	251,479.89	254,783.49
Add: Premium on issue of equity shares	48,812.18	17.24
Less: Amount utilized for accrual of premium payable on redemption of 5% foreign currency convertible bonds	1,472.10	-
Less: Amount utilized for accrual of premium payable on redemption of cumulative redeemable preference shares	830.87	2,545.82
Less: Expenses incurred for issue of foreign currency convertible bonds	1,128.64	-
Less: Expenses incurred for issue of equity shares	1,887.01	775.02
Closing balance	294,973.45	251,479.89
ii Revaluation reserve		
Balance as per the last financial statements	-	35,325.53
Less: transferred to statement of profit and loss as reduction from depreciation	-	72.83
Less: revaluation reserve on disposal of subsidiaries (refer note 25)	-	35,252.70
Closing balance	-	-
iii General reserves		
Balance as per the last financial statements	36,883.13	-
Addition	-	35,252.70
Add: transfer from debenture redemption reserve	5,081.76	1,630.43
Closing balance	41,964.89	36,883.13
iv Amalgamation reserve		
Balance as per the last financial statements	156.00	156.00
Closing balance	156.00	156.00
v Foreign currency translational reserve		
Balance as per the last financial statements	(5,747.12)	(4,919.54)
Add: current year transfer	(3,251.97)	(827.58)
Closing balance	(8,999.09)	(5,747.12)
vi Debenture redemption reserve		
Balance as per the last financial statements	5,081.76	1,630.43
Add: amount transferred from surplus balance in the statement of profit and loss	11,622.54	5,081.76

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
Less: amount transferred to general reserve	5,081.76	1,630.43
Closing balance	11,622.54	5,081.76
vii Other reserves		
Balance as per the last financial statements	(1,432.06)	(1,432.06)
Closing balance	(1,432.06)	(1,432.06)
viii Foreign currency monetary item translation difference account		
Balance as per the last financial statements	(93.41)	241.43
Add: current year transfer	(621.26)	(334.84)
Closing balance	(714.67)	(93.41)
ix Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	43,805.37	(1,106.47)
Add: profit for the year	12,254.24	49,993.60
Less: transfer to debenture redemption reserve	11,622.54	5,081.76
Less: interim dividend	34.22	-
Less: tax on interim dividend	15.81	-
Less: preference dividend	0.25	-
Net surplus in the statement of profit and loss	44,386.79	43,805.37
	381,957.85	330,133.56

4 (iii) Long-term borrowings**Secured (refer note 8)**

Term loan from banks	26,800.43	185,712.21
Term loans from body corporates	24,391.78	33,907.11
Hire purchase loans from banks	12.94	28.41
Finance lease obligations	232.58	525.05
Deferred payment liabilities	876.66	1,164.97
Buyers credit	956.89	-
	53,271.28	221,337.75

Unsecured (refer note 8)

Optionally convertible debentures	-	2,500.00
Compulsorily convertible debentures	-	910.00
5% Foreign currency convertible bonds	60,059.36	54,285.00
4.66%+LIBOR Foreign currency convertible bonds	18,017.80	-
4.86%+LIBOR Foreign currency convertible bonds	33,032.64	-
Finance lease obligations	125.16	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
Term loan from banks	-	202,568.62
Loans from body corporates and others	429.67	83.20
Deferred payment liabilities	932.51	51.16
	112,597.14	260,397.98
	165,868.42	481,735.73

4 (iv) Deferred tax assets/ (liabilities)***Deferred tax liability arising on account of :**

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	15,230.68	10,264.68
Others	45.68	284.04
	15,276.36	10,548.72

Deferred tax asset arising on account of:

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	1,023.43	732.66
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	1,945.89	6,041.90
On carry forward business losses and unabsorbed depreciation	5,532.69	-
Provision for doubtful debt and advances	3,193.60	1,019.01
Others	79.33	144.03
	11,774.94	7,937.60
Deferred tax liabilities (net)	(3,501.42)	(2,611.12)

* Aggregate of deferred tax assets (net) and deferred tax liabilities (net) for respective entities in the group is included under respective heads in the balance sheet.

4 (v) Other long term liabilities

Advances and deposits	11.24	23.53
Capital creditors	446.55	442.09
Lease equalisation reserve	2,999.62	2,299.11
Interest accrued but not due on borrowings	19.64	-
Derivative financial instruments	-	3,205.37
Contingent consideration against purchase of business	-	5,885.28
Premium payable on redemption of 5% foreign currency convertible bonds	1,472.10	-
Others	14.40	14.44
	4,963.55	11,869.82

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
4 (vi) Long-term provisions		
Provision for employees' benefits		
Provision for gratuity (refer note 16)	3,143.77	2,841.09
	3,143.77	2,841.09
Others		
Provision for litigation (refer note 13)	413.63	496.88
Provision for restoration and maintenance*	857.56	787.44
	1,271.19	1,284.32
	4,414.96	4,125.41
Provisions for litigation		
Opening balance	496.88	496.88
Less: utilized during the year	83.25	-
Closing balance	413.63	496.88
Provisions for restoration and maintenance		
Opening balance	787.44	730.11
Add: exchange translation adjustments	70.12	57.33
Closing balance	857.56	787.44
* At the end of certain leases, costs are expected to be incurred in restoring the leased premises. The Group recognizes the provision for the cost of restoration and maintenance on estimated basis, where such obligation exists as per contract.		
4 (vii) Short-term borrowings		
a Secured (refer note 8)		
10% redeemable non convertible debentures	-	30,000.00
Bank overdrafts	1,273.03	1,529.02
Cash credits	1,577.43	1,347.27
Buyers credits	677.61	484.91
	3,528.07	33,361.20
b Unsecured (refer note 8)		
Loans from body corporates and others	-	48.02
Loans from ultimate holding company	794.50	794.50
Loans from an associate	102.37	94.01
6,750,000 (Previous year 6,750,000) Zero percent preference shares of ₹ 10 each (proportionate share of the Company) (issued by DDRC SRL Diagnostics services Private Limited, a Joint Venture)	337.50	337.50
	1,234.37	1,274.03
	4,762.44	34,635.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (viii) Trade payables		
Trade payables	48,170.50	87,933.14
	48,170.50	87,933.14
4 (ix) Other current liabilities		
Current maturities of long term debt (refer note 8)	18,434.28	130,745.14
Book overdrafts	2,401.71	424.56
Advances from patients/ customers	4,932.61	3,409.80
Security deposits	1,833.36	1,538.10
Interest accrued and due on borrowings	44.43	1,328.81
Interest accrued but not due on borrowings	2,321.98	12,150.97
Unpaid preference dividend	6.26	0.19
Deferred revenue*	214.82	2,468.61
Share application money payable	341.50	445.66
Premium payable on redemption of redeemable preference shares	-	7,214.75
Capital creditors	2,441.38	4,734.40
Technology renewal fund	309.71	-
Payable against losses of associates (refer note 35)	1,066.56	945.56
Payable to related parties	31.10	-
Lease equalisation reserve	141.38	45.43
Statutory payables	5,482.46	5,160.15
Contingent consideration against purchase of business	-	3,311.62
Employee payable	49.89	-
Other liabilities	54.08	2,861.87
	40,107.51	176,785.62

* Deferred revenue represents payment received in advance for fixed fees contracts for which services had not been rendered at the end of the reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (x) Short-term provisions		
a Provision for employee benefits		
Provision for gratuity (refer note 16)	215.71	193.36
Provision for leave encashment	2,715.81	6,496.86
Provision for severance allowances*	-	116.51
	2,931.52	6,806.73
b Others		
Provision for taxation (net of advance tax)	999.73	4,060.40
Provision for contingencies	263.48	251.33
Provision for wealth tax	12.76	10.26
Provision for restoration and maintenance**	366.50	341.09
	1,642.47	4,663.08
	4,573.99	11,469.81
Provision for contingencies		
Opening balance	251.33	150.44
Add: provision made during the year	74.95	172.10
Less: utilized during the year	62.80	71.21
Closing balance	263.48	251.33
Provision for restoration and maintenance		
Opening balance	341.09	403.11
Add: provision made during the year	678.02	647.08
Add: exchange translation adjustments	30.50	30.80
Less: utilized during the year	683.11	739.90
Closing balance	366.50	341.09

* Provision for severance allowances are mandatory payments to be made to employees of certain subsidiaries at the time of employees leaving the Company.

** At the end of certain leases, costs are expected to be incurred in restoring the leased premises. The Group recognizes the provision for the cost of restoration and maintenance on estimated basis, where such obligation exists as per contract.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Note 4(xi) (a) : Tangible assets											(` in lacs)
Cost or valuation	Leasehold land	Freehold land	Building	Leasehold improvements	Plant & machinery	Medical equipment	Furniture & fittings	Computers	Office equipments	Vehicles	Total
As at April 1, 2012											
Additions	21,444.11	47,569.60	79,307.59	20,379.76	34,901.99	113,249.05	9,689.97	10,301.46	2,165.22	4,583.69	343,592.44
Disposals	-	-	11.98	456.83	322.01	514.26	240.21	61.38	29.93	462.41	2,099.01
Disposals on sale of subsidiaries	21,373.58	34,458.79	45,260.53	1,352.59	13,847.40	14,007.48	1,313.74	582.44	200.52	329.31	132,726.38
Other adjustments*	327.69	(327.66)	2.78	(0.04)	2,866.49	(2,822.09)	171.22	(3.10)	(95.20)	(43.17)	76.92
Exchange translation adjustments	-	911.36	1,520.78	(74.54)	1,335.71	1,707.91	487.65	1,020.31	-	73.95	6,983.13
As at March 31, 2013	398.22	13,704.60	46,324.98	30,131.46	35,980.09	112,876.88	11,280.72	13,231.58	2,279.45	4,700.86	270,908.84
Additions	-	21,432.29	10,166.30	2,644.01	2,052.71	26,041.30	2,412.27	2,221.87	966.47	781.97	68,719.19
Disposals	-	-	1,382.66	2,304.60	3,387.78	1,305.84	505.57	699.75	68.07	353.08	10,007.35
Disposals on sale of subsidiaries	-	-	15,807.97	11,369.57	20,381.01	19,231.25	2,822.89	7,950.53	-	1,235.19	78,798.41
Other adjustments*	-	-	2,736.31	(2,736.31)	62.27	(51.67)	-	8.76	(12.64)	(0.09)	6.63
Exchange translation adjustments	-	1,114.72	3,489.79	1,527.74	4,466.04	1,845.12	634.20	927.59	-	130.44	14,135.64
As at March 31, 2014	398.22	36,251.61	45,526.75	17,892.73	18,792.32	120,174.54	10,998.73	7,739.52	3,165.21	4,024.91	264,964.54
Depreciation											
As at April 1, 2012											
Charge for the year	423.52	16.78	12,470.46	7,735.73	15,727.71	42,211.58	3,826.30	4,755.91	675.58	1,472.20	89,315.77
Disposals	94.76	-	2,214.14	4,296.50	5,611.98	10,648.70	1,204.37	2,438.53	142.71	652.76	27,304.45
Disposals on sale of subsidiaries	-	-	0.47	426.48	131.92	537.08	22.64	183.95	10.26	238.16	1,550.96
Other adjustments*	534.80	-	8,086.74	1,088.18	6,318.22	9,768.14	595.97	429.20	93.56	239.78	27,154.59
Exchange translation adjustments	16.52	(16.78)	0.58	194.85	649.89	(992.31)	52.43	(47.31)	(26.80)	(26.14)	(195.07)
As at March 31, 2013	-	-	6,711.78	10,820.85	16,060.17	42,139.55	4,599.93	6,581.76	687.67	1,632.32	89,234.03
Charge for the year	-	-	1,707.00	3,908.41	2,173.18	10,981.57	1,336.60	1,924.50	225.47	525.49	22,782.22
Disposals	-	-	90.22	1,467.53	712.04	685.71	230.55	405.33	37.42	143.16	3,771.96
Disposals on sale of subsidiaries	-	-	1,818.86	2,976.04	9,449.48	7,397.12	807.10	4,003.81	-	391.13	26,843.54
Other adjustments*	-	-	1,659.44	(1,659.44)	80.87	(72.95)	-	7.40	(12.00)	(1.68)	1.64
Exchange translation adjustments	-	-	280.82	435.97	1,858.49	807.94	257.04	467.62	-	35.15	4,143.03
As at March 31, 2014	-	-	8,449.96	9,062.22	10,011.19	45,773.28	5,155.92	4,572.14	863.72	1,656.99	85,545.42
Net Block											
As at March 31, 2013	398.22	13,704.60	39,613.20	19,310.61	19,919.92	70,737.33	6,680.79	6,649.82	1,591.78	3,068.54	181,674.81
As at March 31, 2014	398.22	36,251.61	37,076.79	8,830.51	8,781.13	74,401.26	5,842.81	3,167.38	2,301.49	2,367.92	179,419.12

* Other adjustments include necessary reclassifications, rectifications and inter head transfers and adjustments to depreciation thereof.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1 Leasehold Land includes ` 398.22 lacs (Previous year ` 398.22 lacs) in respect of a subsidiary, for which, during the financial year 2005-06, Delhi Development Authority has terminated all allotment letters/ lease deeds for which the subsidiary had filed an appeal in Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (refer note 11).

2 Freehold land in respect of a subsidiary as on April 1, 2012 includes ` 319.03 lacs pending registration in one of the subsidiary's name.

3 Leasehold land in respect of a subsidiary as on April 1, 2012 consist of leasehold right for a land at Kolkata provided by the Kolkata Municipal Development Authority (KMDA). The land is subject to a dispute between KMDA and Land Revenue Department with regard to its usage.

4 Buildings in respect of one of the subsidiary as on April 1, 2012 includes ` 8,579.18 lacs at certain location constructed on leasehold land and ` 6,079.19 lacs incurred on buildings under Operating and Management contract.

5 The above assets include certain fixed assets leased pursuant to operating lease agreement (refer note 7 (c)).

6 The above assets include certain assets taken on financing lease, the details of the same as follows:-

Particulars	Plant & machinery	Medical equipments	Furniture & fittings	Computers	Office equipments	Total
Gross Block						
As at April 1, 2012	-	529.77	-	-	-	529.77
Additions	-	224.23	-	-	-	224.23
As At March 31, 2013	-	754.00	-	-	-	754.00
Additions	32.92	128.76	9.78	5.40	10.65	187.52
As At March 31, 2014	32.92	882.77	9.78	5.40	10.65	941.52
Depreciation						
As at April 1, 2012	-	136.49	-	-	-	136.49
Charge for the year	-	103.93	-	-	-	103.93
As At March 31, 2013	-	240.42	-	-	-	240.42
Charge for the year	9.81	173.04	1.73	3.64	3.31	191.53
As At March 31, 2014	9.81	413.46	1.73	3.64	3.31	431.95
Net Block						
As at March 31, 2013	-	513.58	-	-	-	513.58
As at March 31, 2014	23.11	469.31	8.05	1.76	7.34	509.57

, in lacs

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Note 4(xi) (b) : Intangible assets

(` in lacs)

	Technical know how fees	Non compete fees	License fee	Right of use of land	Software	Goodwill	Goodwill on consolidation	Total
Cost or valuation								
As at April 1, 2012								
Additions	742.56	1,603.01	7,321.43	8,300.97	4,423.07	252,379.24	395,846.92	670,617.20
Deletions	103.71	-	360.90	-	1,569.59	63,065.65	15,054.51	80,154.36
Disposals on sale of subsidiaries	-	53.02	-	-	138.28	-	-	191.30
Other adjustments*	541.14	0.66	5,821.43	5,137.10	262.42	-	8,544.50	20,307.25
-Exchange translation adjustments	112.65	0.67	-	-	72.19	-	-	185.51
As at March 31, 2013	417.78	1,550.00	1,860.90	3,412.30	5,895.65	328,896.77	416,788.24	758,821.64
Additions	544.07	-	-	221.07	2,319.79	-	-	3,084.93
Deletions	-	-	-	-	0.13	-	-	0.13
Disposals on sale of subsidiaries	-	-	-	4,022.17	111.38	279,804.62	231,045.96	514,984.13
Other adjustments*	-	-	-	-	(6.63)	-	-	(6.63)
-Exchange translation adjustments	-	-	-	388.80	79.17	-	2,890.75	3,358.72
As at March 31, 2014	961.85	1,550.00	1,860.90	-	8,176.47	49,092.15	188,633.03	250,274.40
Amortization and impairment								
As at April 1, 2012								
Charge for the year	530.35	1,191.83	2,963.22	-	2,184.19	-	-	6,869.59
Impairment	86.14	375.92	751.10	-	705.43	-	-	1,918.59
Deletions	-	-	-	-	-	-	7,835.76	7,835.76
Disposals on sale of subsidiaries	-	15.72	-	-	137.09	-	-	152.81
Other adjustments*	384.77	-	3,235.71	-	65.89	-	-	3,686.37
-Exchange translation adjustments	6.59	(2.03)	150.90	-	(77.76)	-	-	77.70
As at March 31, 2013	238.31	1,550.00	629.51	-	2,834.01	-	7,835.76	13,087.59
Charge for the year	293.95	-	336.09	-	1,374.16	-	-	2,004.20
Deletions	-	-	-	-	(4.13)	-	-	(4.13)
Disposals on sale of subsidiaries	-	-	-	-	67.56	-	-	67.56
Other adjustments*	-	-	-	-	(1.64)	-	-	(1.64)
-Exchange translation adjustments	-	-	-	-	(10.77)	-	-	(10.77)
As at March 31, 2014	532.26	1,550.00	965.60	-	4,132.33	-	7,835.76	15,015.95
Net block								
As at March 31, 2013	179.47	-	1,231.39	3,412.30	3,061.64	328,896.77	408,952.48	745,734.05
As at March 31, 2014	429.59	-	895.30	-	4,044.14	49,092.15	180,797.27	235,258.45

* Other adjustments include necessary reclassifications, rectifications and inter head transfers and adjustments to depreciation thereof.

- 1 Right of use of Land in respect of one of the subsidiary as on April 1, 2012 includes ` 5,137.10 lacs was under Operating and Management contract for an initial period of 20 years, renewable for further periods of 20 years each, at the option of the Company.
- 2 During the previous year, the Group has impaired the goodwill amount in one of its subsidiary which is also a separate Cash Generating Unit (CGU) , Super Religare Laboratories International FZ LLC for ` 2,501.76 lacs as per AS-28 on Impairment of Assets. The recoverable amount was based on value in use estimated at a discount rate of 9.35% on a pre-tax basis.
- 3 In the previous year, the group has also recognized impairment loss in one of its subsidiary Dental Corporation (DC). For further details please refer note 32 (i).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	in lacs	in lacs
4 (xii) Non-current investments		
Unquoted Trade investments (valued at cost unless stated otherwise)		
Investment in Equity Instruments		
Investment in associate companies		
Fortis Medicare International Limited	-	-
98,000 (Previous year 98,000) Ordinary Shares of US\$ 1 each, fully paid up (refer note 35)		
Hoan My Minh Hai General Hospital Joint Stock Company		
Nil (Previous year 1,600,000) Equity Shares of Vietnamese Dong (VND) 10,000 each, fully paid up (including goodwill of ` 116.79 lacs)	263.56	263.56
Add: Share in post acquisition profits/(losses) upto the beginning of the year	(26.84)	(45.58)
Add: Share in profits/ (losses) for the current year	(44.95)	18.74
Less: Disposed during the year	(191.77)	-
Add: Exchange translation adjustments	-	6.67
		243.39
Sunrise Medicare Private Limited	0.31	0.31
3,126 (Previous year 3,126) Equity Shares of ` 10/- each)		
Thien The Hoan My Joint Stock Company		
Nil (Previous year 45,000) Equity Shares of Vietnamese Dong (VND) 10,000 each, fully paid up	10.95	10.95
Add: Share in post acquisition profits/(losses) upto the beginning of the year	(10.95)	6.44
Less: Disposed during the year	-	-
Add: Share in profits/ (losses) for the current year	-	(17.39)
		-
Town Hall Clinic Pte. Limited		
100 (Previous year 100) Equity Shares of SGD 1 each, fully paid up	112.50	112.50
Add: Share in post acquisition profits upto the beginning of the year	24.33	4.51
Add: Share in profits for the current year	17.69	19.82
Add: Exchange translation adjustments	(1.53)	(12.49)
	152.99	124.34

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014		March 31, 2013
	` in lacs		` in lacs
Quoted Trade investments			
(valued at cost unless stated otherwise)			
Investment in Equity Instruments			
Investment in associates companies			
Lanka Hospitals Corporate Plc			
64,120,915 (Previous year 64,120,915) Equity Shares of Lankan Rupees (LKR) 62 each (including goodwill of ` 16,102.33 lacs)	19,762.82		19,762.82
Add: Share in pre acquisition profits upto the date of acquisition	568.70		568.70
Add: Share in post acquisition profits upto the beginning of the year	690.79		75.69
Add: Share in profits for the current year	945.03		615.10
Less: Dividend received during the year	(591.23)		-
Add: Exchange translation adjustments	(206.60)	21,169.51	(1,570.74) 19,451.57
Medical And Surgical Centre Limited			
164,670,801 (Previous year 164,670,801) Ordinary Shares of MUR 10 each (including capital reserve of ` 4,224.26 lacs)	1,312.69		1,312.69
Add: Share in post acquisition profits upto the beginning of the year	661.35		389.36
Add: Share in profits for the current year	294.93		271.99
Add: Exchange translation adjustments	209.69	2,478.66	115.79 2,089.83
Religare Health Trust (refer note 25)			
220,676,943 (Previous year 220,676,943) units of SGD 0.90 each, fully paid up	57,904.71		
Add: Exchange translation adjustments	690.53	58,595.24	57,904.71
		82,396.71	79,814.15
Aggregate amount of quoted investments - at cost		82,243.41	79,446.11
Aggregate amount of quoted investments - at market value		107,235.69	102,707.95
Aggregate amount of unquoted investments - at cost		153.30	368.04

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xiii) Long-term loans and advances		
Unsecured, considered good		
Capital advances	11,730.69	16,315.89
Security deposits	6,298.67	4,042.04
Loan to bodies corporate and others	13,387.02	631.09
Loan to employees	-	7,757.65
Advances recoverable in cash and kind or for value to be received	118.13	836.73
Advance income tax (net of provision for taxation)	19,282.73	14,269.63
Deposits with income tax authorities	5,139.62	2,139.62
MAT credit entitlement	11,880.60	10,885.55
Balances with customs excise and other authorities	516.95	516.95
	68,354.41	57,395.15
Unsecured, Doubtful		
Security deposits	50.00	-
	50.00	-
Provisions		
Less : Provision for doubtful advances	50.00	-
	50.00	-
	68,354.41	57,395.15
4 (xiv) Other non-current assets		
Unsecured, considered good unless stated otherwise		
Interest accrued but not due on loans and deposits	8.44	17.82
Unamortised finance charges	204.19	5,413.06
Bank deposits with original maturity of more than 12 months	624.42	1,260.41
Margin money deposits	53.76	109.97
	890.81	6,801.26

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
4 (xv) Current investments		
Unquoted Trade investments (valued at cost unless stated otherwise)		
Investment in Equity Instruments		
A. Investment in subsidiaries		
Fortis Hospotel Limited [refer note 3 (a) and note 25]	20,739.71	20,739.71
149,822,782 (Previous year 149,822,782) Equity Shares of ₹ 10/- each of the above, 6 (Previous year 6) shares are held by nominee shareholders		
B. Investments in mutual funds (valued at lower of cost and fair value, unless stated otherwise)		
7,571.278 (Previous year 7,571.278) units in Religare Ultra Short Term Fund-Growth Option	102.81	102.81
Nil (previous year 108,621.39) units of Rs 1,611.10 each in Religare Liquid Fund	-	1,750.00
Nil (previous year 38,576.90) units of Rs 1,296.11 each in Axis Treasury Advantage Fund	-	500.00
Nil (previous year 38,566.32) units of Rs 1,296.47 each in Axis Treasury Advantage Growth Fund	-	500.00
Nil (previous year 588.20) units of Rs 1,275.07 each in Axis Liquid Fund	-	7.50
Nil (previous year 61,310.71) units of Rs 2,854.31 each in Reliance Liquid Fund	-	1,750.00
Nil (previous year 932,342.31) units of Rs 187.70 each in Birla Sunlife Cash Plus Fund	-	1,750.00
Nil (previous year 26,023.91) units of Rs 1,921.31 each in UTI Liquid Cash Plan Institutional Fund	-	500.00
Nil (previous year 1,009,931.96) units of Rs 173.28 each in ICICI Prudential Liquid Fund	-	1,750.00
Nil (Previous year 115,720.13) units of ₹ 1000 each in Axis Treasury Advantage Fund	-	1,500.00
Nil (Previous year 1,038,895.72) units of ₹ 100 each in Birla Sunlife cash plus- Growth Regular Plan	-	1,950.00
Nil (Previous year 1,154,207.95) units of ₹ 100 each in ICICI Prudential Liquid- Growth Regular Plan	-	2,000.00
Nil (Previous year 70,069.39) units of ₹ 1000 each in Reliance Liquid Fund- Growth Regular Plan	-	2,000.00
Nil (Previous year 32,790.13) units of ₹ 1000 each in UTI Liquid Cash Plan Institutional- Growth Option	-	630.00
Nil (Previous year 93,104.05) units of ₹ 1000 each in Religare Liquid Fund Super Institutional Growth	-	1,500.00
243,311.49 (Previous year Nil) units of ₹ 100 each in Birla Sun Life Cash Plus - Growth Direct Plan	500.00	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
3,864,158.95 (Previous year Nil) units of ₹ 100 each in Birla Sun Life Saving Fund - Growth Direct Plan	9,500.00	-
505,16,052.24 (Previous year Nil) units of ₹ 10 each in HDFC Floating Rate Income Fund - Short term Plan - Direct Plan - Wholesale Option - Growth Option	11,006.63	-
10,000,000 (Previous year Nil) units of ₹ 10 each in HDFC Banking & PSU Debt Fund - Direct Growth Option	1,000.00	-
2,077,333.30 (Previous year Nil) units of ₹ 10 each in ICICI Prudential Flexible Income - Direct Plan - Growth	5,000.00	-
12,393,260.88 (Previous year Nil) units of ₹ 10 each in IDFC Money Manager Fund - Treasury Plan - Growth - Direct Plan	2,500.00	-
16,772,144.82 (Previous year Nil) units of ₹ 10 each in IDFC Ultra Short term Fund Growth - Direct Plan	3,000.00	-
20,000,000 (Previous year Nil) units of ₹ 10 each in Reliance Fixed Horizon Fund - XXV - Series 29-Direct Plan Growth Plan	2,000.00	-
91,29,251.95 (Previous year Nil) units of ₹ 10 each in Reliance Yearly Interval Fund - Series 3-Direct Plan - Growth Plan	1,000.00	-
4,983,852.32 (Previous year Nil) units of ₹ 10 each in Reliance Floating Rate Fund - Short Term Plan-direct Growth Plan	1,000.00	-
224,095.50 (Previous year Nil) units of ₹ 10 each in Reliance Liquid Fund - Treasury Plan - Direct Growth Plan - Growth Option	7,000.00	-
5,786,668.67 (Previous year Nil) units of ₹ 10 each in Reliance Quarterly Interval Fund - Series ii-Direct Growth Plan Growth Option	1,000.00	-
85,098.98 (Previous year Nil) units of ₹ 10 each in Religare Liquid Fund - Direct Plan Growth	1,500.00	-
143,708.13 (Previous year Nil) units of ₹ 10 each in UTI-Treasury Advantage Fund - Institutional Plan - Direct Plan - Growth	2,500.00	-
2,500,000 (Previous year Nil) shares of USD 10 each in Global Opportunity Fund	14,994.18	-
250,000 (Previous year Nil) shares of USD 100 each in Global Dynamic Opportunity Fund	14,997.41	-
C. National saving certificates	0.25	0.25
Aggregate amount of unquoted investments - at cost	99,340.99	38,930.27

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xvi) Inventories (valued at lower of cost and net realizable value)		
Medical consumables and drugs	5,771.05	8,819.02
Stores and spares	426.52	431.24
	6,197.57	9,250.26
4 (xvii) Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	17.56	22.72
Unsecured, considered good	8,114.61	8,419.56
Doubtful	9,202.27	6,898.63
	17,334.44	15,340.91
Other receivables		
Secured, considered good	324.67	428.44
Unsecured, considered good	35,772.66	57,407.64
Doubtful	477.34	239.89
	36,574.67	58,075.97
Less: Provision for doubtful receivables	9,679.61	7,138.52
	44,229.50	66,278.36
4 (xviii) Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- on current accounts	23,377.16	45,380.12
- on cash credit accounts	171.86	0.07
- deposits with original maturity of less than three months	548.36	1,760.80
- on exchange earners foreign currency accounts	14.86	-
- on unpaid dividend account	5.82	-
Cash in hand	711.31	788.76
Cheques in hand	92.53	528.59
Other bank balances		-
Deposits with original maturity of more than 3 months but less than 12 months	721.95	277.07
Deposits with original maturity of more than 12 months	205.46	178.68
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	5.11	2,255.61
	25,854.42	51,169.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xix) Short-term loans and advances		
Secured, considered good		
Security deposits	273.03	21.81
Unsecured, considered good		
Balances with customs excise and other authorities	158.56	1,038.95
Security deposits	981.85	3,739.03
Loan to employees	23.37	1,411.58
Advances recoverable in cash or in kind or for value to be received	6,453.30	11,767.92
Gratuity fund	46.51	-
Loans to body corporates and others	11,328.63	62,288.06
Loans to an associate	3,058.53	1,796.00
Deposit with income tax authorities	262.23	-
	22,586.01	82,063.35
Unsecured, considered doubtful		
Balances with customs excise and other authorities	-	33.34
Advances recoverable in cash or in kind or for value to be received	463.13	241.77
Security deposit	-	17.35
	463.13	292.46
Less : Provision for doubtful advances	463.13	292.46
	22,586.01	82,063.35
4 (xx) Other current assets		
Unsecured, considered good unless stated otherwise		
Unamortized share issue expenses	-	27.12
Interest accrued but not due on loans and deposits	526.46	2,184.61
Unamortized premium on forward contracts	-	378.02
Unamortized finance charges	82.78	1,055.46
Accrued operating income	5,676.79	4,174.81
Assets held for sale	0.53	0.53
Others	-	63.93
	6,286.56	7,884.48

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xxi) Revenue from operations*		
Sale of services		
<i>Revenue from domestic operations</i>		
In patient	238,132.91	195,187.34
Out patient	37,149.45	29,362.85
Laboratory/ clinical services	65,094.75	57,803.99
Income from medical services	786.95	2,274.26
Management fees from hospitals	1,269.36	1,046.38
Income from satellite centers	721.21	753.52
Income from clinical research	138.57	296.75
	343,293.20	286,725.09
Less: Trade discounts	6,427.15	6,152.78
	336,866.05	280,572.31
<i>Revenue from International operations</i>		
Hospital operations	3,614.76	1,285.39
Laboratory/ clinical services	17,087.85	13,849.35
Management fees from hospitals	807.49	678.88
	21,510.10	15,813.62
Sale of products		
Pharmacy	3,332.23	2,670.25
Less: Trade discounts	50.66	47.10
	3,281.57	2,623.15
Other operating income*		
Income from rehabilitation centre	126.72	128.26
Income from academic services	97.64	93.08
Income from rent	544.52	965.15
Equipment lease rental	1,074.73	954.79
Export benefits	1,174.72	704.88
Sponsorship income	491.14	413.97
Scrap sale	60.12	67.19
Sale of plasma	35.68	40.01
Unclaimed balances and excess provisions written back	394.55	1,180.18
Miscellaneous income	909.06	677.03
	4,908.88	5,224.54
	366,566.60	304,233.62

[* Net of trial run expenses/ income, capitalized (refer note 23)]

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
4 (xxii) Other income*		
Profit on redemption of mutual funds	1,866.58	1,416.50
Interest on bank deposits	457.63	847.45
Interest on loan - others	8,502.83	9,230.34
Foreign exchange fluctuation gain (net)	-	329.21
Forward cover premium amortization	5,890.33	3,025.36
Miscellaneous income	252.86	263.39
	16,970.23	15,112.25
4 (xxiii) (Increase)/ decrease in inventories of medical consumables and drugs		
Inventory at the beginning of the year	8,819.01	7,764.03
Deletion on sale of subsidiaries	-	90.93
Inventory at the end of the year	5,782.90	8,819.01
	3,036.11	(1,145.91)
4 (xxiv) Employee benefits expense*		
Salaries, wages and bonus	68,935.02	54,529.62
Gratuity expense (refer note 16)	765.35	1,067.57
Leave encashment	561.12	662.14
Contribution to provident and other funds	4,118.62	4,404.30
Staff welfare expenses	2,552.22	1,599.03
Recruitment and trainings	235.05	501.57
	77,167.38	62,764.23
4 (xxv) Other expenses*		
Contractual manpower	8,382.75	5,483.53
Power, fuel and water	9,896.01	8,677.13
Housekeeping expenses including consumables	2,760.71	3,302.01
Patient food and beverages	3,692.31	2,765.16
Pathology laboratory expenses	953.25	984.81
Radiology expenses	1,566.89	2,433.17
Consultation fees to doctors	21,970.57	20,337.73
Professional charges to doctors	38,331.24	28,217.85
Hospital service fee expense	40,647.14	17,170.73
Cost of medical services	349.30	356.10

[* Net of trial run expenses/ income, capitalized (refer note 23)]

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
Repairs and maintenance		
- Building	697.67	486.60
- Plant and machinery	5,396.51	3,248.20
- Others	2,014.03	3,342.11
Rent		
- Hospital buildings, offices and labs	10,104.75	9,709.42
- Equipments	1,276.10	1,024.54
- Others	1,667.83	1,354.08
Donations	3.77	23.15
Legal and professional fee	5,131.21	6,704.21
Travel and conveyance	5,855.93	5,291.40
Rates and taxes	658.05	711.17
Printing and stationary	2,319.61	2,346.95
Communication expenses	2,511.36	2,616.77
Directors' sitting fees	21.57	17.71
Insurance	1,189.91	1,113.30
Ground rent	4.28	8.91
Marketing and business promotion	13,237.36	8,446.00
Wealth tax	23.77	20.31
Loss on sale of assets	977.84	310.86
Auditors' remuneration	346.42	174.65
Foreign exchange fluctuation loss (net)	1,691.26	-
Bad debts and sundry balances written off	2,676.10	928.46
Provision for doubtful receivables	4,694.71	2,305.56
Provision for doubtful advances	163.65	66.97
Provision for contingencies	74.95	167.28
Commitment fees	800.00	-
Miscellaneous expenses	2,881.84	1,393.14
	194,970.65	141,539.97

4 (xxvi) Finance costs*

Interest expense		
- on term loans [includes prior period items of ` Nil (Previous year ` 636.82 lacs)]	18,303.66	26,030.92
- on cash credit	30.49	577.08
- on others	3,026.12	9,354.56
Bank charges	3,302.49	3,471.85
	24,662.76	39,434.41

[* Net of trial run expenses/ income, capitalized (refer note 23)]

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
Other borrowing costs		
- Arrangement fees written off	10.72	10.92
- Amortization of finance charges	765.92	6,686.32
	776.64	6,697.24
	25,439.40	46,131.65
[* Net of trial run expenses/ income, capitalized (refer note 23)]		
4 (xxvii) Depreciation and amortization expense		
Depreciation of tangible assets	19,249.72	17,641.00
Amortization of intangible assets	1,998.06	2,805.30
Impairment on intangible assets	-	2,501.76
Depreciation adjusted against revaluation reserve	-	72.83
	21,247.78	22,875.23
4 (xxviii) Exceptional items		
Income:		
Profit on sale of investment (refer note 25)	-	99,588.79
	-	99,588.79
Expenses:		
Loss on sale of investment (refer note 25)	512.55	-
	512.55	-
	(512.55)	99,588.79
4 (xxix) Earnings/ (loss) per share (EPS)		
Profit/ (loss) for the year from continuing operations	(26,072.83)	48,499.78
Total profits for the year	12,254.24	49,993.60
Weighted average number of equity shares in calculating Basic EPS	453,356,916	405,193,216
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007 and ESOP 2011	386,744	170,944
Weighted average number of equity shares in calculating Diluted EPS	453,743,660	405,364,160
Bonds (refer note 4 (iii)) issued by the Company, are considered as antidilutive and accordingly, has not been considered for the computation of diluted EPS		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**5. Segment Reporting***Business Segments:*

The Group is primarily engaged in the business of healthcare services, which in the opinion of management is considered to be the only reportable business segment as per Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India.

Geographical segments:

The group operates in the business segment explained above in two principal geographical areas, geographical segments being classified as secondary segment. In India, its home country, the group focuses largely on healthcare services. Additionally, the group's operations 'Outside India' are now mostly focusing on South East Asia and Middle East. The group primarily operates in Singapore and Mauritius

Sales by market- Revenue from external customers by location of customers

The following table shows the distribution of the Company's consolidated revenues by geographical market.

Region	Revenues by geographical market (` in lacs)	
	March 31, 2014	March 31, 2013
India	344,763.52	287,180.26
Outside India	131,166.19	317,983.85
Total	475,929.71	605,164.11

Carrying value of Assets and additions to tangible and intangible fixed assets- by location of assets

The following table shows the carrying amount of segment assets and additions to tangible and intangible fixed assets by geographical area in which the assets are located:

(` in lacs)

Region	Carrying amount of Segment assets		Additions to Tangible & Intangible assets	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
India	575,011.98	542,005.65	66,275.60	115,464.11
Outside India	213,522.83	816,121.30	5,528.52	100,586.28
Total	788,534.81	1,358,126.95	71,804.12	216,050.39

Notes:

- 1) The significant part of operations outside India (other than Mauritius, Dubai and Singapore) were disposed off during the current year.
- 2) The revenue outside India includes ` 109,363.11 lacs (previous year ` 300,930.49 lacs) relating to discontinued operations.

6. Related party disclosures**Names of Related parties and names of related party relationship**

a)	Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited)
b)	Holding Company	Fortis Healthcare Holdings Private Limited (FHHPL)
c)	Subsidiary	Fortis Hospotel Limited [refer note 3(a) above]
d)	Fellow Subsidiaries (parties with whom transactions have taken place)	RHC Financial Services (Mauritius) Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		Fortis Healthcare Global Pte Limited
		Escorts Heart Centre Limited
		Religare Wellness Limited
		Fortis Hospital Management Limited
		Medsource Healthcare Private Limited
e)	Associates	Medical and Surgical Centre Limited
		Fortis Medicare International Limited
		Sunrise Medicare Private Limited
		Fortis Emergency Services Limited
		International Hospital Limited (IHL)
		Dental Corporation of Canada Holdings Inc. (up to May 31, 2013)
		Lanka Hospitals Corporation Plc
		Town Hall Clinic
		Hoan My Minh Hai (up to August 20, 2013)
		Hoan My Orb Corporation (up to August 20, 2013)
		Hoan My Thien The (up to August 20, 2013)
		Escorts Heart and Super Speciality Institute Limited (EHSSIL) (w.e.f. October 19, 2012)*
		Escorts Hospital and Research Centre Limited (EHRCL) (w.e.f. October 19, 2012)*
		Escorts Heart and Super Speciality Hospital Limited (EHSSHL) (w.e.f. October 19, 2012)*
		Kanishka Healthcare Limited (KHL) (w.e.f. October 19, 2012)*
		Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL) (w.e.f. October 19, 2012)*
		Hospitalia Eastern Private Limited (HEPL) (w.e.f. October 19, 2012)*
		Religare Health Trust (RHT) (w.e.f. October 19, 2012)*
		Fortis Health Management Limited (FHML) (w.e.f. October 19, 2012)*
f)	Joint Ventures	DDRC SRL Diagnostics Services Private Limited
		Super Religare Reference Laboratories (Nepal) Private Limited
		Fortis Cauvery
g)	Key Management Personnel ('KMP') and their Relatives	Mr. Malvinder Mohan Singh – Executive Chairman of FHL
		Mr. Shivinder Mohan Singh – Executive Vice Chairman of FHL
		Mr. Balinder Singh Dhillon – Executive Director of FHL (up to February 11, 2014)
		Mr. Aditya Vij- Managing Director at FHsL (w.e.f. August 29, 2013)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		Mr. Ashish Bhatia - Wholetime Director at EHIRCL upto June 20, 2013 and at FHsL (w.e.f. August 29, 2013)
		Dr. Raajiv Singhal - Wholetime Director at EHIRCL (up to February 1, 2014)
		Dr. Ashok Seth - Wholetime Director at EHIRCL (up to June 20, 2013)
		Mr. Sunil Kapoor - Wholetime Director at EHIRCL (w.e.f. February 01, 2014)
		Mr. Krish Ramesh- Wholetime Director at FMHL (up to June 8, 2012)
		Dr. Anoop Misra- Chairman at Fortis C-Doc Healthcare Limited
		Dr. Angeli Misra- Relative of Dr. Anoop Misra
		Dr. Lakshminarayana Raju - Wholetime Director at LHPL
		Dr. Mohan Keshavamurthy - Wholetime Director at LHPL
		Mr. Venkatramana Raju- Relative of Dr. Lakshminarayana Raju
		Mr. Venkatakrishna Raju- Relative of KMP
		Dr. Seetha Beladevi- Relative of Dr. Mohan Keshavamurthy
		Dr. Sanjeev K. Chaudhry- Managing Director at SRL
		Mr. Kiran C. Vaidya- Chief Operating Officer at SRL
		Dr. Chandrasekhar G .R.- Partner in Fortis Cauvery
		Dr. Sarla Chandrasekhar- Partner in Fortis Cauvery
		Mr. Sanjeev Vashishta- Chief Executive Officer of SRL
		Ms. Nagarathan- Relative of KMP
		Mr. Vijayarathna - Wholetime Director at FMHL
h)	Enterprises owned or significantly influenced by KMP or their Relatives	Aarushi Lithotripsy Private Limited
		AEGON Religare Life Insurance Company Limited
		Balaji School of Nursing
		Bar Chem
		Cauvery Hospital
		C-Doc Healthcare Private Limited
		Chethana Foundation
		Dion Global Solutions Limited
		Dr. Chandrashekar Foundation
		Fortis Clinical Research Limited
		Fortis Educational Society
		Fortis Healthcare Global II Pte Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Fortis Nursing and Education Society
	Fortis RM Pharma
	Indira Priyadarshani School of Nursing
	Krishna Institute of Medical Sciences Limited
	Malav Holdings Private Limited
	Oscar Investments Limited
	Quality Healthcare Medical Services Limited
	R M Pharmacy
	R. M. Educational Trust
	Ranibennur College of Nursing
	REL Infrafacilities Limited
	Ligare Aviation Limited (formerly Religare Aviation Limited)
	Religare Aviation Training Private Limited
	Religare Capital Market Limited
	Religare Capital Market Plc.
	Religare Enterprises Limited
	Religare Finvest Limited
	Religare Housing Development Finance Company Limited
	Religare Technologies Limited
	Religare Technova IT Services Limited
	Ligare Travels Limited (formerly Religare Travels (India) Limited)
	Religare Voyages Business Services Private Limited
	RGAM Corporation Private Limited
	RMCRS Health Management Limited
	Shivi Holdings Private Limited
	Sri. Raghavendra Educational Institute & Society
	Srinivasa Education Society
	Todays Holdings Private Limited
	Religare Commodities Limited
	Religare Wealth Management Limited
	Religare Corporate Services Limited
	Religare Health Insurance Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**The schedule of Related Party Transactions and closing balances are as follows:**

Particulars	March 31, 2014	(` in lacs) March 31, 2013
Transactions during the year		
Operating income (including Income from medical services, Management fees from hospitals, Rental and Pharmacy income)		
Sunrise Medicare Private Limited (Associate)	6.00	6.00
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	33.47	56.53
Fortis Health Management Limited (Associate)*	73.45	24.13
Kanishka Healthcare Limited (Associate)*	49.94	23.14
Medical and Surgical Centre Limited (Associate)	807.49	678.88
Fortis Hospital Management Limited (Fellow Subsidiary)	12.51	114.42
Religare Wellness Limited (Fellow Subsidiary)	514.88	444.80
Escorts Heart Centre Limited (Fellow Subsidiary)	95.30	255.38
Fortis Cauvery (Joint Venture)	-	13.03
Religare Aviation Training Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.08
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	0.17	0.14
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	89.72	69.13
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	40.17	20.48
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	117.43	-
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	-	26.52
Religare Health Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	48.85	-
Religare Wealth Management Limited (Owned/ significantly influenced by KMP/ their relatives)	0.27	-
SRL Diagnostic (Nepal) Private limited (Joint Ventures)	57.49	-
International Hospital Limited (Associates)*	15.88	-
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	1.18	-
Management Fees Expenses		
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	179.06	923.05
Pathology Laboratory Expenses		
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	19.56	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Purchase of Goods/ services		
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	1.77	-
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	-	2.24
Medsource Healthcare Private Limited (Fellow Subsidiary)	278.16	81.30
Religare Wellness Limited (Fellow Subsidiary)	487.84	326.75
Religare Corporate Services Limited (Owned/ significantly influenced by KMP/ their relatives)	-	4.82
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	54.02
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	7.49	-
DDRC SRL Diagnostics Services Private Limited (Joint Ventures)	0.11	-
Professional Charges Paid		
Dr. Mohan Keshavamurthy (KMP)	-	26.40
RGAM Corporation Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	207.87
Fortis Emergency Services Limited (Associate)	2.35	-
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	22.82	-
Rent Expenses		
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	343.14	328.25
Dr.Chandrashekar Foundation (Owned/ significantly influenced by KMP/ their relatives)	24.07	24.62
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	20.22	20.22
Dr. Angeli Misra (KMP)	-	6.60
Travel & conveyance		
Fortis Emergency Services Limited (Associate)	123.45	169.47
REL Infrafacilities Limited (Owned/ significantly influenced by KMP/ their relatives)	-	2.31
Ligare Travels Limited (formerly Religare Travels (India) Limited) (Owned/ significantly influenced by KMP/ their relatives)	273.47	327.16
Ligare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	367.14	179.67
Marketing Expenses		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	-	8.71
Fortis Emergency Services Limited (Associates)	5.80	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Insurance Expenses		
Religare Health Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	130.49	167.86
Legal and professional fee		
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	208.44
Issue of Equity Shares/ Capital contribution		
Dr. Anoop Misra (KMP)	130.16	-
Dr. Angeli Misra (KMP)	92.37	-
Dr. Chandrashekar G .R. (KMP)	-	12.35
Dr. Sarla Chandrashekar (KMP)	-	11.85
Share application money received		
Dr. Anoop Misra (KMP)	-	10.00
Dr. Angeli Misra (KMP)	-	94.16
Loans/ advances taken		
RHC Holding Private Limited (Ultimate Holding Company)	5,500.00	92,650.00
Dr. Chandrashekar G .R. (KMP)	20.00	22.95
Dr. Sarla Chandrasekhar (KMP)	15.84	19.38
Loans/ advances repaid		
RHC Holding Private Limited (Ultimate Holding Company)	5,500.00	92,838.00
Dr. Lakshminarayan Raju (KMP)	29.56	-
Dr. Mohan Keshavamurthy (KMP)	4.08	-
Dr. Seetha Beladevi (relative of KMP)	1.35	-
Ms. Nagarathan (KMP)	5.00	-
Mr.Venkatakrishna Raju (KMP)	10.00	-
Loans/advances given		
Escorts Heart Centre Limited (Fellow Subsidiary)	97.92	107.26
Fortis Emergency Services Limited (Associate)	1,174.00	1,449.71
Fortis Cauvery (Joint Venture)	125.56	134.92
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	451.57	1,331.63
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	105.72	13.90
Loans/ Advances Received Back		
Escorts Heart Centre Limited (Fellow Subsidiary)	922.59	99.00
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	1,465.44	1,747.01
Fortis Healthcare Global II Pte Limited (Owned/ significantly influenced by KMP/ their relatives)	76.25	-
DDRC SRL Diagnostics Services Private Limited (Joint Ventures)	56.22	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(` in lacs)		
Particulars	March 31, 2014	March 31, 2013
Preference share capital of Fortis Asia Healthcare Pte Limited purchased		
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	-	16,905.73
Redemption of Preference share capital		
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	93,252.66	51,782.33
RHC Holding Private Limited (Ultimate Holding company)	8,478.27	-
Interest expense		
RHC Holding Private Limited (Ultimate Holding Company)	2.03	256.82
Dr. Chandrasekhar G .R. (KMP)	4.33	1.52
Dr. Sarla Chandrasekhar (KMP)	3.14	0.90
Escorts Heart Centre Limited (Fellow Subsidiary)	-	36.40
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	2,275.24	4,342.25
Fortis Medicare International Limited (Associate)	5.83	5.24
Interest income		
Escorts Heart Centre Limited (Fellow Subsidiary)	115.67	108.80
Fortis Emergency Services Limited (Associate)	193.27	98.36
Fortis Cauvery (Joint Venture)	-	6.45
Fortis Health Management Limited (Associate)*	-	6.99
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	3.83	51.75
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	1.23	7.49
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	0.34	-
Managerial Remuneration		
Mr. Sanjeev Vashishta (KMP)	84.62	112.30
Dr. Anoop Misra (KMP)	126.38	126.38
Mr. Shivinder Mohan Singh (KMP)	537.84	539.28
Mr. Krish Ramesh (KMP)	-	33.96
Dr. Sanjeev K. Chaudhry (KMP)	148.95	148.95
Mr. Kiran C. Vaidya (KMP)	83.65	104.25
Mr. Ashish Bhatia (KMP)	-	119.85
Dr. Ashok Seth (KMP)	113.47	443.55
Mr. Vijayarathna (KMP)	41.94	30.09
Dr. Raajiv Singhal (KMP)	45.18	-
Mr. Malvinder Mohan Singh (KMP)	522.00	-
Mr. Sunil Kapoor (KMP)	11.72	-
Advance paid (Net):		
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	-	36.51

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Purchase of fixed assets		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	-	28.89
Sale of fixed assets		
Escorts Heart and Super Speciality Institute Limited (Associate)*	-	24.98
Fortis Health Management Limited (Associate)*	0.72	-
Housekeeping expenses including consumables		
Fortis Health Management Limited (Associate)*	13.00	-
International Hospital Limited (Associate)*	24.25	-
License user agreement fees		
RHC Holding Private Limited (Ultimate Holding Company)	1.12	1.00
Expense incurred on behalf of		
Fortis Hospital Management Limited (Fellow Subsidiary)	13.13	79.48
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	-	8.56
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	-	23.84
Escorts Heart Centre Limited (Fellow Subsidiary)	3.73	-
Fortis Emergency Services Limited (Associate)	23.83	19.13
Religare Capital Markets Limited (Owned/ significantly influenced by KMP/ their relatives)	-	1.86
Religare Enterprises Limited (Owned/ significantly influenced by KMP/ their relatives)	-	10.27
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	43.96	9.16
Escorts Heart and Super Speciality Institute Limited (Associate)*	0.33	48.52
Dion Global Solutions Limited (Owned/ significantly influenced by KMP/ their relatives)	1.77	-
Fortis Hospotel Limited (Subsidiary)*	43.04	-
International Hospital Limited (Associates)*	21.28	-
Kanishka Healthcare Limited (KHL) (Associates)*	69.27	-
Fortis Health Management Limited (Associate)*	44.34	-
SRL Diagnostic (Nepal) Private limited (Joint Ventures)	11.48	-
Sunrise Medicare Private Limited (Associates)	1.01	-
Expenses incurred on behalf of Group by		
Religare Wellness Limited (Fellow Subsidiary)	-	1.13
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	-	32.04

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)		
Particulars	March 31, 2014	March 31, 2013
Religare Commodities Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.43
Escorts Heart and Super Speciality Institute Limited (Associate)*	1.50	197.66
DDRC SRL Diagnostics Services Private Limited (Joint Ventures)	22.38	-
Fortis Hospotel Limited (Subsidiary)*	1,262.55	-
International Hospital Limited (Associates)*	1,328.14	-
Kanishka Healthcare Limited (KHL) (Associates)*	56.86	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	0.37	-
SRL Diagnostic (Nepal) Private limited (Joint Ventures)	13.44	-
Fortis Emergency Services Limited (Associate)	2.06	-
Hospital Service Fees		
Fortis Hospotel Limited (Subsidiary)*	12,234.79	5,105.07
International Hospital Limited (Associate)*	15,753.36	3,461.11
Kanishka Healthcare Limited (Associate)*	4,163.71	4,329.63
Fortis Health Management Limited (Associate)*	1,667.26	724.01
Escorts Hospital and Research Centre Limited (Associate)*	2,154.06	898.05
Escorts Heart and Super Speciality Hospital Limited (Associate)*	-	1,989.35
Escorts Heart and Super Speciality Institute Limited (Associate)*	4,673.96	663.51
Collection on behalf of related party		
Escorts Heart and Super Speciality Hospital Limited (Associate)*	18.23	463.37
Escorts Heart and Super Speciality Institute Limited (Associate)*	-	86.01
International Hospital Limited (Associates)*	0.25	-
Collection on behalf of Group by related party		
Escorts Heart and Super Speciality Hospital Limited (Associate)*	-	591.39
Escorts Heart and Super Speciality Institute Limited (Associate)*	-	1,074.96
Escorts Hospital and Research Centre Limited (EHRCL) (Associates)*	3,904.47	-
International Hospital Limited (Associates)*	1,219.83	-
Power, fuel and water		
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	16.85	-
Repairs & maintenance-Building		
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	0.26	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(` in lacs)		
Particulars	March 31, 2014	March 31, 2013
Balance Outstanding at the year end		
Loans/Advance Recoverable		
Fortis Emergency Services Limited (Associate)	3,150.45	1,821.42
Fortis Hospotel Limited (Subsidiary)*	-	169.70
Fortis Cauvery (Joint Venture)	-	148.56
Escorts Heart Centre Limited (Fellow Subsidiary)	78.77	985.65
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	-	97.03
Fortis Hospital Management Limited (Fellow Subsidiary)	309.54	201.01
Fortis Health Management Limited (Associate)*	26.56	2.16
Religare Wellness Limited (Fellow Subsidiary)	7.19	31.09
Escorts Heart and Super Speciality Institute Limited (Associate)*	-	25.34
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.04
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	-	22.29
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	-	9.11
Ligare Travels Limited (formerly Religare Travels (India) Limited) (Owned/ significantly influenced by KMP/ their relatives)	-	0.02
Religare Aviation Training Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	0.10
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	1.86
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	-	350.00
RMCRS Health Management Limited (Owned/ significantly influenced by KMP/ their relatives)	24.41	24.40
Indira Priyadarshni School of Nursing (Owned/ significantly influenced by KMP/ their relatives)	10.10	10.10
Srinivasa Education Society (Owned/ significantly influenced by KMP/ their relatives)	2.36	2.36
R.M. Educational Trust (Owned/ significantly influenced by KMP/ their relatives)	2.00	2.00
Ranibennur College of Nursing (Owned/ significantly influenced by KMP/ their relatives)	1.05	1.05
Balaji School of Nursing (Owned/ significantly influenced by KMP/ their relatives)	0.44	0.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(` in lacs)		
Particulars	March 31, 2014	March 31, 2013
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	172.23	129.26
Escorts Heart and Super Speciality Hospital Limited (Associate)*	-	1.80
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	1,455.27	1,408.56
Dion Global Solutions Limited (Owned/ significantly influenced by KMP/ their relatives)	1.77	-
International Hospital Limited (Associates)*	143.18	-
Sunrise Medicare Private Limited (Associates)	2.05	-
Fortis Medicare International Limited (Associate)	102.68	-
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	32.22	-
Kanishka Healthcare Limited (Associate)*	16.35	-
Unsecured Loans		
RHC Holding Private Limited (Ultimate Holding Company)	794.50	794.50
Dr. Lakshminarayanraju (KMP)	-	29.56
Dr. Mohan Keshavmurthy (KMP)	-	2.11
Dr. Seetha Beladevi (relative of KMP)	-	1.35
Ms. Nagarathan (KMP)	-	5.00
Mr.Venkatakrishna Raju (KMP)	-	10.00
Fortis Medicare International Limited (Associate)	102.37	94.01
Trade Receivables		
Escorts Heart Centre Limited (Fellow Subsidiary)	4.54	-
Sunrise Medicare Private Limited (Associate)	18.09	-
Medical and Surgical Centre Limited (Associate)	213.37	-
Religare Wellness Limited (Fellow Subsidiary)	196.52	91.15
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	22.77	-
Fortis Health Management Limited (Associate)*	6.65	8.83
Kanishka Healthcare Limited (Associate)*	-	8.50
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	-	23.87
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	-	8.57
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	1.38	-
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	0.04	-
DDRC SRL Diagnostics Services Private Limited (Joint Ventures)	6.61	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	35.59	-
International Hospital Limited (Associates)*	8.96	-
Ligare Travels Limited (Owned/ significantly influenced by KMP/ their relatives)	0.02	-
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	4.91	-
Religare Aviation Training Private Limited (Owned/ significantly influenced by KMP/ their relatives)	0.10	-
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	1.86	-
Religare Health Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	17.41	-
Religare Wealth Management Limited (Owned/ significantly influenced by KMP/ their relatives)	0.01	-
SRL Diagnostic (Nepal) Private limited (Joint Ventures)	18.05	-
Other Current Assets		
Fortis Emergency Services Limited (Associate)	193.27	88.52
Escorts Heart Centre Limited (Fellow Subsidiary)	17.15	97.92
Escorts Heart and Super Speciality Institute Limited (Associate)*	-	8.61
Fortis Healthcare Global II Pte Ltd (Owned/ significantly influenced by KMP/ their relatives)	10.00	7.97
Fortis Cauvery (Joint Venture)	-	5.81
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	77.66	67.54
Fortis Hospital Management Limited (Fellow Subsidiary)	-	142.32
Trade Payables and Other Liabilities		
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	4.48	2.38
Religare Wellness Limited (Fellow Subsidiary)	214.79	158.76
Fortis Emergency Services Limited (Associate)	26.57	18.98
Dr. Mohan Keshavmurthy (KMP)	-	1.98
Dr. Lakshmi Narayan Raju (KMP)	-	2.19
Ligare Aviation Limited (formerly Religare Aviation Limited) (Owned/ significantly influenced by KMP/ their relatives)	107.01	7.62
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	-	19.06
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	10.91	4.82

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Ligare Travels Limited (formerly Religare Travels (India) Limited) (Owned/ significantly influenced by KMP/ their relatives)	7.98	6.95
Fortis Healthcare Holdings Private Limited (Holding Company)	-	341.50
Medsource Healthcare Private Limited (Fellow Subsidiary)	41.74	67.73
Fortis Hospotel Limited (Subsidiary)*	2,796.94	2,937.90
International Hospital Limited (Associate)*	3,799.38	1,692.86
Escorts Hospital and Research Centre Limited (Associate)*	512.21	1,200.12
Escorts Heart and Super Speciality Hospital Limited (Associate)*	5.12	1,044.03
Fortis Global Healthcare Infrastructure Pte. Limited (Associate)*	-	46.37
Fortis Healthcare Global Pte Ltd (Fellow Subsidiary)	-	924.49
Escorts Heart and Super Speciality Institute Limited (Associate)*	813.21	312.97
Dr. Angeli Misra (KMP)	-	94.16
Dr. Anoop Misra (KMP)	19.80	10.00
Kanishka Healthcare Limited (Associate)*	851.36	1,892.42
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	1.77	5.18
Dr. Chandrashekar G .R. (KMP)	43.44	24.32
Dr. Sarla Chandrasekhar (KMP)	34.73	20.19
Cauvery Hospital (Owned/ significantly influenced by KMP/ their relatives)	68.31	39.53
Fortis Health Management Limited (Associates)*	288.34	-
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	10.91	-
Interest Accrued but not due (Liability)		
RHC Financial Services (Mauritius) Limited (Fellow subsidiary)	-	908.78
Escorts Heart Centre Limited (Fellow Subsidiary)	-	68.03
Fortis Medicare International Limited (Associate)	21.34	14.38
Dr. Chandrashekar G .R. (KMP)	3.90	-
Dr. Sarla Chandrasekhar (KMP)	2.83	-
Debenture		
RHC Holding Private Limited (Ultimate Holding Company)	-	2,500.00
Escorts Heart Centre Limited (Fellow Subsidiary)	-	910.00

Notes:

- * During the year ended March 31, 2013, on listing of Religare Health Trust (RHT) at Singapore Exchange Securities Trading Limited on October 19, 2012, stake of the Group in RHT along with its subsidiaries has been diluted to 28%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**7. Leases****(a) Assets taken on Finance Lease**

The Group has finance leases and hire purchase contracts for various items of plant and machinery and medical equipment. These leases have terms of renewal as agreed between the parties at the option of the Group. There is no escalation clause in the agreement. There are no restrictions imposed by the lease agreements. The total finance charges paid in respect of such leases recognized in the statement of profit and loss during the year is ₹ 26.29 lacs (Previous year ₹ 129.63 lacs). Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(₹ in lacs)

Particulars	March 31, 2014		March 31, 2013	
	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP
Not later than one year	211.09	178.24	1,008.69	936.55
Later than one year but not later than five years	271.82	157.07	613.49	524.54
Later than five years	168.08	54.79	27.92	14.73
Total minimum lease payments	650.99	390.10	1,650.10	1,475.82
Less: amount representing finance charges	260.89	-	174.28	-
Present value of minimum lease payments	390.10	390.10	1,475.82	1,475.82

(b) Assets taken on Operating Lease

In respect of the Group, hospital/ office premises and certain medical equipments are obtained on operating lease. In all the cases, the agreements are renewable at the option of the respective group company. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The leases are both cancellable and non-cancellable in nature and the total lease payments in respect of such leases recognized in the statement of profit and loss for the year are ₹ 19,718.44 lacs (Previous Year ₹ 28,810.51 lacs) and capitalized during the year ₹ 2,122.51 lacs (Previous Year ₹ 2,866.37 lacs). The total future minimum lease payments under the non-cancelable operating leases are as under:

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Minimum lease payments :		
Not later than one year	5,678.95	7,167.57
Later than one year but not later than five years	17,034.12	23,541.34
Later than five years	4,760.54	10,971.04

(c) Assets given on Operating Lease

(i) The Group has sub-leased some portion of hospital premises and certain medical equipments. In all the cases, the agreements are renewable at the option of the respective group company. There

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year are ₹ 544.52 lacs (Previous Year ₹ 954.79 lacs).

IHL, a subsidiary (till October 18, 2012) of the Company has leased out some portion of hospital premises for a period of 10 years from December 24, 2004. The agreement is further renewable at the option of the subsidiary. The rent has been increased by 20% w.e.f. January 1, 2010. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is cancellable in nature. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year is ₹ Nil (Previous Year ₹ 169.65 lacs).

- (ii) The Company and one of its subsidiary has leased out certain capital assets on operating lease to Trusts managing hospital operations. The lease term is for 3 years and thereafter renewable at the option of the Company and its subsidiary. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. Details of such capital assets given on non-cancellable operating lease are disclosed as under:

(₹ in lacs)

Particulars	March 31, 2014			March 31, 2013		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Plant and Machinery	96.66	77.17	19.49	96.66	67.16	29.50
Medical Equipments	4,848.19	2,003.99	2,844.20	4,266.15	1,773.30	2,492.85
Furniture and Fittings	177.72	105.70	72.02	154.75	98.51	56.24
Computers	120.70	120.02	0.68	118.38	117.99	0.39
Office Equipments	33.15	10.86	22.29	33.15	9.25	23.90
Vehicles	48.70	21.76	26.94	48.70	20.57	28.13
Total	5,325.12	2,339.50	2,985.62	4,717.79	2,086.78	2,631.01

The total lease payments received in respect of such leases recognized in the statement of profit and loss for the year are ₹ 1,074.73 lacs (Previous Year ₹ 954.79 lacs).

The total of future minimum lease income receivable under the non-cancellable operating leases is as under:

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Not later than one year	1,193.64	1,049.13
Later than one year but not later than five years	814.64	1,676.08

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

8. Borrowings

(D) (i) Long term borrowings including current maturities	Security and guarantee details	Repayment terms	Interest rate	March 31, 2014		March 31, 2013	
				Non current	Current	Non current	Current
A. Term loan from banks-Secured							
The loan is secured against exclusive charge on entire fixed assets and current assets of Fortis Cauvery, the partnership firm, both current and future. The loan is further guaranteed by personal guarantee of Dr. Chandrasekhar and Dr. Sarla Chandrasekhar, partners of Fortis Cauvery and corporate guarantee of FHsL, a subsidiary of the Company.	The loan is repayable with in six years with a moratorium period of one year, in 59 monthly installments starting from January 2013 of ` 8.33 lacs and last monthly installment of ` 8.53 lacs.	13% p.a.		140.28	55.25	191.25	51.00
The loan is secured against immovable properties, stocks and book debts of LHPL. The loan is further guaranteed by FHsL.	The loan is repayable over twenty quarterly installments, commencing from November 20, 2011 amounting to ` 57.49 lacs per quarter.	Base Rate + 200 bps		400.93	229.99	630.55	230.94
The loan is secured by mortgage of leasehold rights of the hospital property and hypothecation of all equipments, medical equipments, furniture/interiors. It is further secured by pledge of 6,923,500 equity shares of FHL held by Fortis Healthcare Holdings Private Limited, the holding company and a corporate guarantee by FHL.	Repayable in equal monthly installments of ` 34 lacs by September 2016.	BPLR minus 0.75% p.a.		-	-	1,013.00	408.00

(` in lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(D)	(i) Long term borrowings including current maturities	Repayment terms	Interest rate	March 31, 2014		March 31, 2013	
				Non current	Current	Non current	Current
	The loan is secured by first charge on the Medical Equipments of HHPL purchased out of the loan amount. It is further secured by a corporate guarantee given by the Company.	Repayable in 20 equal quarterly installments of ` 27.10 lacs each from the date of loan.	12.15% p.a.	-	-	-	25.92
	The loan is secured by first charge on assets (moveable and immoveable) of the Company. It is further secured by Corporate Guarantee issued by the Company.	Loan amount is repayable in 60 equated monthly installments of principal amount. Interest to be served monthly with monthly rests.	BR + 175 BPS (floating)	3,133.33	800.00	-	-
	The loan is secured on first pari passu charge on the assets (moveable and immoveable) of hospitals owned and equitable mortgage of those owned by hospitals of FHsL. It is further secured by corporate guarantee issued by the Company.	` 3,000 lacs is repayable at the end of 12 months and ` 4,000 lacs at the end of 24 months from the date of disbursement	10.60% p.a.	-	4,000.00	4,000.00	3,000.00
	The loan is secured by way of a first charge on the laboratories equipments, which have been purchased against these loans.	Loan amount is repayable in 57 monthly equal installments with moratorium period of three months commencing from March 1, 2012.	12.25% p.a.	223.42	115.17	338.91	102.66
	It is secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of english mortgage over the property.	Loan amount is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., December 27, 2013. 80% of total loan of ` 5,000 lacs taken from GE Capital Services India has been novated to Abu Dhabi Commercial Bank Ltd. by way of assignment agreement dated December 10, 2013.		3,047.62	761.90	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(I)	(i) Long term borrowings including current maturities	Security and guarantee details	Repayment terms	Interest rate	March 31, 2014		March 31, 2013	
					Non current	Current	Non current	Current
		It is secured by way of a first charge on the movable and immovable assets which have been purchased against these loans.	Loan amount is repayable in 8 quarterly equal installments commencing from October 01, 2013.		500.00	1,000.00	-	-
		The loan is secured by way of a first charge on all fixed assets of a 50% joint venture of a subsidiary company and personal guarantee of Directors.	Loan amount is repayable in 48 monthly installments commencing from February 15, 2013.		82.39	35.49	83.79	23.25
		The loan is secured by way of a first pari passu charge over movable assets and the second pari passu charge over the current assets of EHIRCL. Same is further secured by irrevocable and unconditional corporate guarantee given by the Company.	The above term loan is to mature on March 27, 2019. The loan is repayable in 18 quarterly installments beginning at the end of seven quarters (December 31, 2014) from first draw down date i.e. March 28, 2013.	11.5% p.a.	4,800.00	200.00	5,000.00	-
		The loan is secured by first pari-passu charge over moveable assets upto 1x cover and second pari-passu charge over current assets, exclusive charge over DSRA/Fixed Deposit.	The above term loan is to mature on March 27, 2019. The loan is repayable in 18 quarterly installments beginning at the end of seven quarters from first draw down date (March 29, 2013). 8% in the 1st year, 12% in the 2nd year, 24% in 3rd year, 24% in 4th year and balance 32% in the 5th year.	11.5% p.a.	13,800.00	1,200.00	10,300.00	-

(` in lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(D) (i) Long term borrowings including current maturities		March 31, 2014		March 31, 2013	
Security and guarantee details	Repayment terms	Interest rate	Non current	Current	Non current
The loan is secured by way of exclusive charge on all fixed & secondary charge over current assets of Fortis C-Doc, both present and future along with corporate guarantee of the Company and personal guarantee of Dr. Anoop Misra and Angeli Misra	The loan is repayable in 20 quarterly installments beginning from June 30, 2014, 5% in the 1st year, 20% in the 2nd year, 25% in 3rd year, 25% in 4th year, 19% in the 5th year and balance 6% in the 5th year.	12.5% - 12.75% p.a.	672.46	215.85	883.70
The loan is secured by a charge over certain property, plant and equipment of the Group with carrying amount of about USD 42,028,000 and corporate guarantee by the Company.	The loan is repayable in 14 quarterly installments of SGD 2 million each, the first of such installments to be paid on or after the date falling 21 months from the Utilization Date (March 15, 2013). Loan is repayable by September 2016	2.29% p.a. (Margin 1.98% + SIBOR 0.31)	-	-	12,249.01
The loan is secured through: 1. Quality share charge 2. Altai share charge 3. Berkshire share charge 4. Capitalization Deed Assignment Agreement 5. Promoter Guarantee and undertaking 6. Capitalization Account charge 7. DSRA account charge 8. Share Pledge - Quality Healthcare Medical Holding Limited, Fortex Limited, the Agent and Quality Healthcare Medical Service (Macau) Limited; and 9. HK share mortgage.	Loan repayment half yearly and interest payment on 29th of each month and loan is repayable by November 2016.	LIBOR +4.16% p.a.	-	-	40,713.75
					13,571.25

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(D) (i) Long term borrowings including current maturities		Repayment terms	Interest rate	March 31, 2014		March 31, 2013	
				Non current	Current	Non current	Current
	Security and guarantee details	Repayment terms	Interest rate				
	The loan is secured by first ranking fixed and floating charges over the assets and undertaking, interlocking cross guarantees and indemnities of FHIPL and its subsidiaries. Further, secured by first ranking mortgage over the shares held by FHIPL. Also, secured by real property mortgages over any freehold and any long term leasehold interest of FHIPL and its subsidiaries.	Repayable by March 2015.	1.52% to 4.25%	-	-	73,135.34	11,307.59
	The loan is secured by a charge over certain property, plant and equipment of the group carrying amount of ` 13,690.72 lacs.	Repayable by January 2021.	12.00% to 20.50% p.a.	-	-	30,274.77	1,973.67
	Term loan is secured by a charge over certain property, plant and equipment of the Group.	Repayable by January 2021.	5.40% to 19.50% p.a.	-	-	6,537.00	1,575.95
	Term loan is secured by a charge over certain property, plant and equipment of the Group with carrying amount of USD 3,522,000	Repayable by March 2017.	3.37% to 5.25% p.a.	-	393.30	361.14	708.42
			Total (A)	26,800.43	9,006.95	185,712.21	33,035.04

(` in lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

						March 31, 2014		March 31, 2013	
(I)	(i) Long term borrowings including current maturities				Interest rate	Non current	Current		
	Security and guarantee details	Repayment terms							
B.	Term loans from body corporates - Secured:								
	Term Loan from L&T Infrastructure Finance Company Limited ("lender") was taken in financial year 2011-2012 and is secured by a first pari passu charge by way of mortgage of the Company's immovable properties, present and future. Further secured by a first pari passu charge by way of hypothecation of the Company's movable assets, including movable machinery, machinery spares, tools and accessories, present and future. Also, secured by a second pari passu charge by way of hypothecation on the Company's book debts, operating cash flows and the receivables and revenues, current assets commissions and revenues of whatsoever nature and wherever arising, both present and future. Further, there is an exclusive pledge of shareholding of the Company in SRL Limited in favour of the lender, to the extent of at least 2 times of the facility amount, to be maintained at all times during the subsistence of the facility. The rate of interest for each tranche of facility shall be Prime Lending rate less 3.75% per annum, payable monthly. On July 31, 2013 Lender assigned ` 10,000 lacs to L&T Fincorp Limited out of outstanding amount of ` 16,683.33 lacs as on that date.	The loan is repayable in 84 structured monthly installments, after a moratorium of 12 months from the date of first disbursement to the Company.			12.00% p.a.	13,475.00	1,983.33	15,458.33	1,575.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(D) (i) Long term borrowings including current maturities		March 31, 2014		March 31, 2013	
Security and guarantee details	Repayment terms	Interest rate	Non current	Current	Current
The loan is secured by way of a first charge on the fixed assets, which have been purchased against these loans.	The loan amount is repayable in 60 monthly equal installments along with interest from the date of loan viz., October 5, 2010.	8% p.a.	173.45	279.19	257.84
The loan is secured by way of first charge on the fixed asset, which has been purchased against this loan.	The loan is repayable in 48 monthly installments of ` 7.36 lacs each along with interest from the date of loan viz., September 28, 2011.	10.25% p.a.	35.85	79.82	71.74
The loan is secured by way of first charge on the fixed asset, which has been purchased against this loan.	The loan is repayable in 60 monthly installments of ` 10.95 lacs each along with interest from the date of loan viz., June 21, 2011.	9.75% p.a.	138.71	111.96	101.60
The loan is secured by way of first charge on the fixed asset, which has been purchased against this loan.	The loan is repayable in 60 monthly installments of ` 10.95 lacs each along with interest from the date of loan viz., December 6, 2010.	9.75% p.a.	70.17	97.38	88.67
The loan is secured by hypothecation of fixed assets of SRDPL.	The loan is taken on January 25, 2012 with moratorium period of 12 months towards repayment of principal and carries interest. The loan is repayable in 17 quarterly installments of ` 264.7 lacs each after the moratorium period along with interest.	11.92% p.a.	2,117.65	1,058.82	1,058.83
The loan is secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property.	The loan is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., March 26, 2013.	11.50% p.a.	7,619.05	1,904.76	476.18

(` in lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(D) (i) Long term borrowings including current maturities		Repayment terms	Interest rate	March 31, 2014		March 31, 2013	
				Non current	Current	Non current	Current
Security and guarantee details							
The loan is secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property.		The loan is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., March 26, 2013	11.50% p.a.	761.90	190.48	4,761.90	238.10
			Total (B)	24,391.78	5,705.74	33,907.11	3,867.96
C. Hire purchase loans from banks - Secured:							
Vehicle loan is secured by way of hypothecation of the vehicles financed.		Repayable over four years in equated monthly installments.	8.35% to 10.94% p.a.	4.52	7.98	12.56	17.50
The loan is secured against hypothecation of the specific vehicles purchased.		The loan is repayable in monthly equal installments along with interest commencing from date of loan.	8.00% to 12.00% p.a.	8.42	7.43	15.85	12.97
			Total (C)	12.94	15.41	28.41	30.47
D. Finance lease obligations - Secured:							
Loan is secured by medical equipment taken on lease.		The loan is repayable over seven years in equated monthly installments.	10.52% p.a.	89.29	29.91	104.99	47.55
The lease obligation is secured by way of hypothecation of laboratory equipments in favor of lessor purchased from the loan.		The loan is carrying interest @ 12% per annum. The obligation is repayable in 60 monthly lease rentals commencing from April 1, 2010.	12.00% p.a.	-	124.55	124.55	110.78
The loan is secured by the lessor's title to the leased assets and a corporate guarantee by a subsidiary of FHIPL.		Repayable in 48-60 monthly installments.	6.00% p.a.	143.29	178.54	295.51	792.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		(` in lacs)			
(D)	(i) Long term borrowings including current maturities	Repayment terms	Interest rate	March 31, 2014	
				Non current	Current
	Security and guarantee details		Total (D)	232.58	333.00
					950.77
E.	Deferred payment liabilities - Secured:				
	The facility is secured by first charge by way of hypothecation of specific equipments of FHsL.	The Loan is repayable in two parts, one part in 20 structured quarterly installments commencing from April 2012 and other one is in 20 structured quarterly installments commencing from May 2013.	9% p.a. for 1st year and SBI base rate + 50 BP for subsequent years	1,164.97	326.40
	The facility is secured against hypothecation of certain healthcare equipment	The Deferred payment facility was taken on March 2, 2012 and is repayable in 27 monthly installments of Rs. 4.64 lacs each after moratorium period of 9 months.		133.10	-
			Total (E)	876.66	479.26
					326.40
F.	Buyers credit - Secured:				
	The facility is taken from HDFC bank for maximum period of three years.	Repayable within three years from drawdown date.	(3%-3.5%) + 6M LIBOR	956.89	-
			Total (F)	956.89	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		(` in lacs)				
(I)	(ii) Long term borrowings including current maturities		March 31, 2014		March 31, 2013	
	Repayment terms	Interest rate	Non current	Current	Non current	Current
G.	Convertible bonds - Unsecured:					
	During the year 2009-10, Hoan My Medical Corporation issued 180 Convertible bonds of VND 10,000 lacs each. The bonds are convertible into 6,301,959 shares on September 9, 2013.		-	-	-	4,724.62
		Total (G)	-	-	-	4,724.62
H.	Optionally convertible debentures - Unsecured:					
	HHPL had issued 2,500,000 Zero percent Optionally Convertible Debentures of ` 100 each to RHC Holding Private Limited during the year ending March 31, 2011 on following terms and conditions:- i) The Debentures (until redeemed or until option for conversion into equity shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into equity shares before the expiry of five years from the date of allotment, the Company shall pay simple interest @8% p.a. from the date of allotment till the date of redemption. ii) The Debenture holder will have an option to seek conversion of each fully paid debenture into 10 fully paid equity shares of ` 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5th year from the date of allotment. iii) Each debenture outstanding at the end of 5th year from the date of allotment will be redeemed in four equal semi annual installment of ` 25 each beginning from the end of 5th year, from the date of allotment.	8% p.a.	-	-	2,500.00	-
		Total (H)	-	-	2,500.00	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		(` in lacs)				
(I)	(ii) Long term borrowings including current maturities		March 31, 2014		March 31, 2013	
	Repayment terms	Interest rate	Non current	Current	Non current	Current
I.	4% Compulsory convertible debentures - Unsecured: HHPL has issued 91, 4% Compulsorily Convertible Debentures (CCD) of ` 1,000,000 each to Escorts Heart Centre Limited during the period March 1, 2011 to March 5, 2011. On the date of maturity i.e. March 5, 2016, each CCD shall be converted into equity shares by issuance of 2,000 equity shares of ` 10 each at a premium of ` 490 per share. For the purpose of the conversion of debentures into equity shares, the valuation has been arrived on the basis of the average of the price arrived by using the discounted cash flow method, Earning Value/ Earnings Before Interest Tax and Depreciation multiple and Earning Value/ Sales multiple.	4% p.a.	-	-	910.00	-
		Total (I)	-	-	910.00	-
J.	5% Foreign currency convertible bonds - Unsecured: The Company had issued Foreign currency convertible bonds which are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to May 11, 2015 into fully paid equity shares. The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions. (refer note 17)	5% p.a.	60,059.36	-	54,285.00	-
		Total (J)	60,059.36	-	54,285.00	-
K.	(4.66% + LIBOR) Foreign currency convertible bonds - Unsecured: The Company had issued 150 Foreign currency convertible bonds aggregating to US \$ 30,000,000, which are convertible at the option of the holder upto US \$ 24,000,000 of principal amount at any time on or after September 17, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto August 1, 2018 into fully paid equity shares. The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions. (refer note 18)	4.66% + LIBOR p.a.	18,017.80	-	-	-
		Total (K)	18,017.80	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		(` in lacs)				
(I)	(ii) Long term borrowings including current maturities		March 31, 2014		March 31, 2013	
	Repayment terms	Interest rate	Non current	Current	Non current	Current
L.	(4.86% + LIBOR) Foreign currency convertible bonds - Unsecured: The Company had issued 550 Foreign currency convertible bonds aggregating to US \$ 55,000,000, which are convertible at the option of International Finance Corporation (the holder) giving 7 days' notice to the Company at any time on or after June 07, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to June 08, 2018 into fully paid equity shares. The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions. (refer note 19)	4.86% + LIBOR p.a.	33,032.64	-	-	-
		Total (L)	33,032.64	-	-	-
M.	Non- Convertible Debentures - Unsecured: 10% Redeemable Non- Convertible Debentures of ` 100,000 each, redemption upon earlier of (1) or (2) (1) later of (i) a day within 30 days from the date on which the actual listing of the shares of SRL on a stock exchange occurs following receipt of the final listing and trading approval from the stock exchange or (ii) 13 months from the Issue date; (2) the expiry of 36 months from the issue date.	10% p.a.	-	-	-	3,600.00
		Total (M)	-	-	-	3,600.00
N.	Finance Lease Obligations - Unsecured: The lease obligation along with interest is payable in monthly installments of ` 250,000 each over the period of 12 years.	12.50% p.a.	125.16	23.78	-	-
		Total (N)	125.16	23.78	-	-
O.	Term loan from banks - Unsecured: The loan is secured by a charge over debt service reserve account and corporate guarantee of some of the subsidiaries of FHIPL. The loan is repayable by December 2016. The loan is repayable by June 2013.	HIBOR+ 4.10% p.a. HIBOR + 3.4%p.a.	-	-	9,856.87	3,502.34
			-	-	-	850.22

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		(` in lacs)				
(I)	(ii) Long term borrowings including current maturities		March 31, 2014		March 31, 2013	
	Repayment terms	Interest rate	Non current	Current	Non current	Current
	Term loan is secured by a charge over certain property, plant and equipment of the Group. 18 months tenure from draw down date on 23 January 2013. 3-monthly interest repayment	3 M LIBOR + Margin of 5%	-	-	192,711.75	-
		Total (O)	-	-	202,568.62	4,352.56
P.	Term loans from body corporates and others – Unsecured:					
	The loan is repayable by March 2016.		92.04	-	83.20	-
	The loan is repayable by March 2015.		-	1,041.22	-	-
	Loan taken from Dr. Chandrasekhar GR and Dr. Sarala Chandrasekhar.	12.00% p.a.	78.17	-	-	-
	Loan taken from Fortis Health Management (South) Limited proportionate share of loan to a Joint Venture.	12.00% p.a.	259.46	-	-	-
		Total (P)	429.67	1,041.22	83.20	-
Q.	Deferred payment liabilities - Unsecured:					
	Deferred payment facility taken on March 02, 2012 with moratorium period of 9 months towards repayment of loan. The loan is repayable in 27 monthly installments of ` 4.64 lacs each after the moratorium period along with interest.		4.60	52.01	51.16	50.58
	Deferred payment facility has been taken from Elekta Limited of USD 1,936,000 for the radiotherapy machine purchased which is repayable in 2 equal installments. First installment of USD 968,000 is due on June 20, 2014 and second installment of USD 968,000 is due on March 15, 2016.		581.37	581.37	-	-
	Deferred payment facility has been taken from Elekta Limited of USD 1,154,000 which is repayable in 2 equal installments. 50% will be paid from 15 months of arrival of material or 12 months from installation, rest 50 % will be paid in 24 months from first payment.	6M LIBOR + 275 BPS	346.54	346.54	-	-
	The facility is taken from Siemens Financial Services Private Limited for Oracle licences. The loan is repayable in 8 quarterly payments starting from August 2013 and will end on March 2015.		-	487.70	-	-
		Total (Q)	932.51	1,467.62	51.16	50.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(` in lacs)						
(I)	(ii) Long term borrowings including current maturities		March 31, 2014		March 31, 2013	
	Repayment terms	Interest rate	Non current	Current	Non current	Current
R.	Preference share capital - Unsecured:					
	FAHPL has issued 262,120,642 Class B Redeemable Preference Shares of USD 1 each on January 11, 2012 to RHC Financial Services (Mauritius) Limited as consideration for purchase of 100% stake in FHIPL. Preference Shares are redeemable at premium of 5% p.a. after 18 months from the date of issue.	5% p.a.	-	-	-	79,550.41
		Total (R)	-	-	-	79,550.41
S.	Factoring financing - Unsecured:					
	The financing of \$323,980 is secure over the Group's trade receivables and a corporate guarantee from the Company. The Group received an advance at the discretion of the financial institution, up to a limit of \$2,000,000 and not exceeding 80% against eligible receivables.	Interest rate of 5.25% per annum and a monthly factoring fee of 0.5% of gross invoice value with a monthly minimum charge of \$1,800.	-	361.30	-	256.33
		Total (S)	-	361.30	-	256.33
	TOTAL (I=A+B+C+D+E+F+G+H+I+J+K+L+M+N+O+P+Q+R+S)		165,868.42	18,434.28	481,735.73	130,745.14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		(` in lacs)	
II.	(i) Short term borrowings	Interest rate	March 31, 2014
	Security and guarantee details		
T.	Non- Convertible Debentures - Secured:	Repayment terms	March 31, 2013
	The debentures are secured by way of first pari passu charge over the property of the Company located in State of Gujarat.		
		FHL has issued 10% Non Convertible Debentures on September 24, 2012 redeemable at par; bullet redemption at the end of one year from the date of allotment.	30,000.00
		Total (T)	30,000.00
U.	Bank overdraft - Secured:	Interest rate	March 31, 2014
	Secured against the first charge on current assets of EHIRCL and the second charge on the corporate guarantee given by the FHL.		
		11.45%	1,336.99
	It is secured by way of first pari passu charge over moveable fixed assets at Mohali hospital of FHL. Further, secured by first pari passu charge over stocks and book debt.	12.50% to 13.00% p.a.	56.49
	It is Secured against immoveable property, stocks and book debts of LHPL. The facility is further guaranteed by FHsL.	Rate of interest of 2.80% over base rate	135.54
		Total (U)	1,529.02
V.	Cash credit - Secured:	Interest rate	March 31, 2014
	The facility is secured by way of first charge on SRL entire current assets. They are further secured by way of a second charge on the SRL's fixed assets, excluding specific vehicles and equipments financed by the body corporates and others, both present and future.		
		12.25%	1,341.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		(` in lacs)	
II.	(i) Short term borrowings	March 31, 2013	March 31, 2014
	Security and guarantee details	Repayment terms	
	The facility is secured by way of first charge on the SRL's entire current assets. They are further secured by way of a second charge on the SRLDPL's fixed assets, excluding specific vehicles and equipments financed by the body corporates and others, both present and future. The facility is guaranteed by the Company.	Not applicable	5.36
		11.50% to 13%	
		Total (V)	1,577.43
			1,347.27
W.	Buyer's credit - Secured:		
	The facility is secured against charge of specific assets of FHsL.	Repayable on or before November 22, 2014	484.91
		Total (W)	677.61
			484.91
		(` in lacs)	
II.	(ii) Short term borrowings	March 31, 2013	March 31, 2014
	Repayment terms		
X.	Loans from body corporates and others - Unsecured:		
	Interest free loan has been taken from erstwhile promoters of the LHPL and repayable on demand.	-	48.02
	Total (X)	-	48.02
Y.	Loan from ultimate holding company - Unsecured:		
	Interest free loan has been taken from RHC Holding Private Limited during the year ending March 31, 2007. The loan is repayable on demand.	794.50	794.50
	Total (Y)	794.50	794.50
Z.	Loan from an associate - Unsecured:		
	Interest free loan has been taken from Fortis Medicare International Limited and repayable on demand.	102.37	94.01
	Total (Z)	102.37	94.01

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(` in lacs)		
	March 31, 2014	March 31, 2013
II. (ii) Short term borrowings		
Repayment terms		
AA. Preference share capital - Unsecured:		
Redeemable after 20 years from issuance date of September 11, 2006 at par or at such premium as decided by Board of Directors.	337.50	337.50
	Total (AA)	337.50
	TOTAL (II = T + U + V + W + X + Y + Z + AA)	34,635.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**9. Commitments**

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Estimated amount of contracts remaining to be executed on capital account [net of capital advances of ₹ 1,730.69 lacs (Previous year ₹ 16,315.89 lacs)]	6,887.53	3,764.54

a) For commitments relating to lease arrangements, refer note 7.

10. Contingent Liabilities (not provided for) in respect of :

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	9,357.78	6,010.68
Bank Guarantee given by subsidiaries against Fixed Deposit	-	294.67
The Company is under litigation with the Income Tax Department against certain income tax demands on account of deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors, u/s 201(1)/ 201(1A) for the assessment years 2010-11, 2011-12 and 2012-13, thereby raising demands of ₹ 239.92 lacs (Previous year ₹ 239.92 lacs), ₹ 261.49 lacs (Previous year ₹ 261.49 lacs) and ₹ 77.61 lacs (Previous year ₹ Nil) respectively. Company has filed appeals with the Commissioner of Income Tax (Appeals), Chandigarh which is pending for disposal. Based on expert opinion obtained, the management believes that the Company has good chance of success in this case.	579.02	501.41
The Excise & Taxation Commissioner cum Designated Officer-Mohali had passed an assessment order dated October 08, 2013 under Punjab Value Added Tax Act, 2005 ('PVAT') thereby raising a demand of ₹ 1,412.35 lacs (Previous year ₹ Nil) [including penalty ₹ 741.39 lacs (Previous year ₹ Nil) and interest of ₹ 300.26 lacs (Previous year ₹ Nil)] holding that the assessee was liable to pay tax on the medical consumables used on in-patients and out-patients and has contravened the provisions of Section 29(2) of PVAT. Company is in appeal before the Hon'ble High Court of Punjab and Haryana against the aforesaid order of Deputy Excise & Taxation Commissioner. Hon'ble High Court admitted appeal filed by the Company and further, granted stays on assessment order vide its order dated January 15, 2014. Based on expert opinion obtained, the management believes that the Company has good chance of success in this case.	1,412.35	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
The Commissioner of Service-tax, Chandigarh has passed an Order dated March 14, 2014 under Finance Act, 1994 alleging the assessee is liable to pay service-tax on support services of business or commerce provided to doctors, thereby raising demand of ₹ 215.34 lacs (Previous year ₹ Nil). The Company is planning to file an appeal before appellate authorities. Based on expert opinion obtained, the management believes that the Company has good chance of success in this case.	215.34	-
Premium for Redemption premium of US\$ 100 Million 5% foreign currency convertible bonds due 2015 (refer note 17).	-	986.62
Interest on Customs duty/ Penalty for misdeclaration of imported goods, case for which is pending with Hon'ble Supreme Court of India. In view of the management, the eventual outcome of the above matter cannot presently be estimated. Based on expert opinion obtained, the management believes that the Company has good chance of success in this case.	515.50	-
Income tax litigations for various years are pending, as further explained in detail in note 12 below. The amount is after adjusting ₹ 14,398.02 lacs (Previous Year ₹ 14,046.56 lacs) for which the company has a legal right to claim from erstwhile promoters.	10,676.73	11,109.27
In respect of a subsidiary (EHIRCL), Customs duty/ Penalty for misdeclaration of imported goods, case for which is pending with Central Excise and Service Tax Appellate Tribunal (refer note 13 below). In view of the management, the eventual outcome of the above matter cannot presently be estimated.	770.27	770.27
A subsidiary company of the Company (SRL) has received a show cause cum demand notice dated April 20, 2007 for ₹ 81.44 lacs (Previous year ₹ 81.44 lacs) in respect of service tax relating to 'Clinical Trial Studies' rendered during the period from July 2003 to April 2006. The Company has responded to the Directorate General of Central Excise Intelligence, Mumbai on May 8, 2007. In the opinion of the management, the said demand is non-tenable and not likely to devolve on the subsidiary. Accordingly, no provision in respect of the said demand is considered in these financial statements.	81.44	81.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
A subsidiary of the Company (SRL) is currently under litigation with the Income tax department against certain income tax demands totaling to ` 4,844.28 lacs (net of advances) (previous year ` 4,752.80 lacs (net)) in relation to Assessment years (AY) 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11. These demands are for non-deduction of withholding taxes on the payments made by the SRL of discounts to its collection centers and certain other miscellaneous matters, raised by the Income Tax department. SRL has deposited ` 350.00 lacs against the said demands out of which ` 168.14 lacs were refunded during the current year. For the AY 2006-07, the Income Tax Appellate Tribunal (ITAT) vide order dated December 16, 2011 had passed an order in favour of SRL against the disallowances of ` 158.20 lacs made by CIT (A) (previous year ` 158.20 lacs), The department has filed an appeal with Delhi High Court against the order passed by ITAT. For the AY 2007-08, 2008-09, 2009-10 and 2010-11, the management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. Accordingly, it has filed an appeal against these orders and has not considered need for any provision for the purpose of preparation of its accounts.	4,844.28	4,752.80
A subsidiary of the Company SRL has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Year 2008-09 and 2009-10 aggregating to ` 291.19 lacs and ` 134.56 lacs respectively for non-deduction of taxes in respect of payments covered in Form 24Q and Form 26Q. The Company's appeal is pending before CIT (A). The Company is of the view that the demand is not tenable and no economic outflow is expected against the same.	425.75	425.75
A subsidiary of the Company SRL has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Year 2008-09 , 2009-10 aggregating to ` 457.04 lacs and ` 531.80 lacs for non-deduction of taxes under the provisions of section 194H. The Company's appeal is pending before CIT (A). The Company is of the view that the demand is not tenable and no economic outflow is expected against the same.	988.84	988.84
Bank guarantee issued by the one of subsidiary of the company (SRL) as a security deposit to a customer.	33.00	27.00
Bank guarantee issued by joint venture (DDRC SRL Diagnostics Private Limited) as a security deposit to customer as on March 31, 2014 ` 2.65 lacs (Previous year ` 5.00 lacs).	1.33	2.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
Joint venture (DDRC SRL Diagnostics Private Limited) is currently under litigation with the Income Tax department against certain income tax disallowances amounting to ` 840.82 lacs as on March 31, 2014 (Previous year ` 664.46 lacs) in relation to assessment year 2008-09, 2009-10. These disallowances represents non-deduction of TDS on the discount offered by the Company to various hospitals, labs & corporate institutions which the Assessing Officer had taken as commission paid, disallowance of depreciation on goodwill and disallowance of preliminary expenses claimed under section 35D. The management based on its internal evaluation and advice obtained from its tax advisors is of the view that the demand is not tenable and no economic outflow is expected against them.	420.41	332.23
In respect of an international subsidiary of the Company (i) Bank Guarantees totaling AUD \$ 23.76 lacs in respect of leases of dental practice premises. (ii) Interest bearing liabilities have been guaranteed by the member of the group under a cross guarantee and indemnity and secured by fixed and floating charges over the assets of the group and mortgages over the shares which Dental Corporation Holdings Limited owns in its subsidiaries.	-	1,289.81
Corporate guarantees given by a subsidiary to banks for lease and loan to others	-	232.75
A subsidiary of the Company EHIRCL has obtained licenses under the Export Promotion Credit Guarantee ('EPCG') Scheme for importing capital goods at a concessional rate of Customs Duty against submission of bank guarantee and bonds.	-	91.02
Others	179.63	141.75

- 11.** (A) Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of a subsidiary of the Company (EHIRCL). EHIRCL had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing EHIRCL without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. EHIRCL also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The arbitration application has been dismissed during the previous year. The Civil Suit and Arbitration application is pending with the Hon'ble High Court of Delhi.
- (B) The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against a subsidiary of the Company (EHIRCL). EHIRCL filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. EHIRCL thereafter had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer thereafter had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to EHIRCL for resuming the proceedings under the said Act. EHIRCL had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA matter. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order to be passed. The proceedings are pending with the court of law.

- (C) In relation to the order of Hon'ble High Court of Delhi relating to provision of free treatment/beds to poor, in respect of a subsidiary EHIRCL, Directorate of Health Services, Government of NCT of Delhi, (DHS) appointed a firm to calculate "unwarranted profits" arising to it due to non-compliance. The special committee of DHS stated that before giving a formal hearing to EHIRCL, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed firm, which as per their method of calculations amounts to ₹ 73,266.15 lacs, seeking EHIRCL's comments and inputs if any. EHIRCL has responded to such intimation explaining errors and objections to the calculations and is awaiting a formal hearing in the matter with the DHS. Based on its internal assessment as regards this unascertained liability and advice from its external legal counsels on the basis of the documents available, management of the group believes that it is in compliance of conditions of free treatment and free beds to the poor and does not anticipate any liability after proper hearing with DHS. No notice of hearing has since been received till date.
- (D) One of the subsidiary HHPL, had received an order from Navi Mumbai Municipal Corporation (NMMC) under Bombay Nursing Home Registration Act, 1949, for certain alleged contravention of the provisions of the Act and to cancel the registration of the Hospital and immediately cease its operations. HHPL filed writ petition with Bombay High Court (HC) that it is ultra vires and contrary to principles of Natural Justice HC stayed the order and restrained NMMC from taking any steps to interfere or obstruct the functioning. Despite above order, NMMC again issued another Order to submit original certificate of registration of the subsidiary. HHPL has filed civil application in the Writ Petition seeking leave of HC to amend the Writ Petition to include grounds of challenging the new Order as well which are pending before the HC. As per advice obtained from external legal counsel, HHPL has very good case to contend and the orders are out to be set aside.

12. Income tax matters**In case of EHIRCL, one of the subsidiaries of the Company:**

- i) The Income Tax Authorities carried out a survey on August 21, 2003 (certain statutory records of a subsidiary of the Company (EHIRCL) were impounded, which are still in possession of the Authorities), regarding amalgamation of Escorts Heart Institute and Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society), and later on, registration of the amalgamated Society as a company.

Pursuant to the survey, the Income Tax Authorities have re-opened the assessments of Delhi and Chandigarh Societies. The Assessing Officer, Delhi completed the reopened assessments of the Delhi Society for four assessment years i.e. assessment years 1997-98, 1998-99, 1999-00 and 2000-01 wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organization had been withdrawn in respect of these years. The past accumulated income up to March 31, 1996 had been brought to tax and the income of the respective years thereafter had been subjected to tax as normal business income, hence raising a cumulative demand of ₹ 10,102.04 lacs (Previous year ₹ 10,102.04 lacs) [including interest of ₹ 6,012.57 lacs (Previous year ₹ 6,012.57 lacs)].

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

EHIRCL challenged the reopening of assessment for those assessment years before the Hon'ble High Court of Delhi in a Writ Petition. The Writ Petition for assessment year 1997-98 had been decided in favour of the EHIRCL vide order dated January 25, 2012. Further, Hon'ble Delhi High Court in its order dated December 10, 2012 directed that all proceedings for the assessment years 1998-99 to 2000-01 are liable to be quashed. The appeals filed by the assessee before the CIT(A)-IV, New Delhi against the aforesaid orders for assessment years 1997-98 to 2000-01 have also been allowed in light of the orders passed by Delhi High Court. Department further filed SLP before the Supreme Court, which has been dismissed.

The Assessing Officer had also assessed the income for assessment year 2001-02, whereby the entire accumulations and allowances made in earlier years have again been brought to tax, raising a demand of ₹ 12,436.90 lacs (Previous year ₹ 12,436.90 lacs) [including interest of ₹ 6,946.00 lacs (Previous year ₹ 6,946.00 lacs)]. EHIRCL has filed an appeal before the Commissioner of Income Tax (Appeals) Delhi against this order, which is pending disposal.

- ii) The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of the EHIRCL for the assessment year 2001-02 amounting to ₹ 5,233.05 lacs (Previous year ₹ 5,233.05 lacs) and interest thereon amounting to ₹ 2,915.80 lacs (Previous year ₹ 2,915.80 lacs) by treating the excess of assets over liabilities as short term capital gains on registration of Amalgamated Society as a company. EHIRCL feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The Tribunal, vide its Order dated March 18, 2008, had remanded the matter back to the Assessing Officer for fresh adjudication. The Assessing Officer, Delhi completed the assessment vide order dated March 31, 2010 and raised a fresh demand of ₹ 10,532.16 lacs (Previous year ₹ 10,532.16 lacs) [including interest of ₹ 5,465.27 lacs (Previous year ₹ 5,465.27 lacs)]. EHIRCL filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against the said assessment order of the Assessing Officer, which is pending disposal.

Pursuant to the share purchase agreement, where Company is a party, dated September 25, 2005, the abovementioned income-tax demands, in respect of (i) and (ii) above, are the responsibility of one of the erstwhile promoters to the extent of ₹ 10,112.50 lacs (Previous year ₹ 9,585.31 lacs) [including interest of ₹ 3,613.48 lacs (Previous year ₹ 3,086.28 lacs)], for which necessary funds were deposited in an escrow account. During the previous year, Income tax department has recovered the said amount deposited in the escrow account and has adjusted the amount against the aforesaid tax liability relating to Delhi Society. Further, as per the share purchase agreement, one third of any excess of these demands after adjusting the recovery from escrow account would be borne by the said erstwhile promoters and the rest by the Company, if any. On account of the same EHIRCL has reduced the contingent liabilities by ₹ 4,285.52 lacs (Previous year ₹ 4,461.25 lacs). During the current year Delhi High Court has vide order dated July 24, 2013 held the adjustment to be erroneous and asked the revenue authorities to restore the amount so adjusted back into the escrow account and revenue authorities restored the same along with interest to the escrow account for relevant assessment years. Further, during the current year, EHIRCL has also deposited ₹ 3,000 lacs under protest against this demand.

- iii) Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2003-04 whereby the Assessing Officer had raised demands of ₹ 424.17 lacs (Previous year ₹ 424.17 lacs) [including interest of ₹ 35.10 lacs (Previous year ₹ 35.10 lacs)] by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. The Commissioner of Income Tax (Appeals), ITAT and Delhi High Court have allowed these claims in favour of EHIRCL. The Income tax department has filed appeal before the Supreme Court against the order of Delhi High Court.

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Further, the Assistant Commissioner of Income Tax, Delhi has passed an order dated March 31, 2010 under sections 154/ 250/ 143(3) of Income Tax Act, 1961 for the assessment year 2003-04 whereby a demand of ` 22.77 lacs (Previous year ` 22.77 lacs) [including interest of ` 3.95 lacs (Previous year ` 3.95 lacs)] has been raised on to EHIRCL by disallowing partial depreciation on electrical installation and transformers, UPS etc. Appeal filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowances made in the assessment order has been dismissed and the company has filed appeal before the ITAT, New Delhi, which is pending disposal.

- iv) Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2004-05 whereby the Assessing Officer had raised demands of ` 404.22 lacs (Previous year ` 404.22 lacs) [including interest of ` 97.55 lacs (Previous year ` 97.55 lacs)] by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. The Commissioner of Income Tax (Appeals), ITAT and Delhi High Court have allowed these claims in favour of EHIRCL. The Income tax department has filed appeal before the Supreme Court against the order of Delhi High Court, which is pending disposal.

Assessment for the A.Y. 2004-05 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of ` 214.67 lacs (Previous year ` 214.67 lacs) was raised by disallowing depreciation amounting to ` 349.30 lacs (Previous year ` 349.30 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ` 13.85 lacs (Previous year ` 13.85 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed. EHIRCL has filed appeal before ITAT and ITAT vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which is pending disposal.

- v) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2005-06 whereby the Assessing Officer had raised a demand of ` 282.03 lacs (Previous year ` 282.03 lacs) [including interest of ` 56.79 lacs (Previous year ` 56.79 lacs)] on EHIRCL by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. EHIRCL had filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 had allowed partial relief to EHIRCL and had confirmed the balance amount of demand raised by Assessing Officer. EHIRCL filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of EHIRCL and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of EHIRCL. The department has filed further appeal before the Supreme Court against the order of Delhi High Court.

Assessment for the A.Y. 2005-06 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of ` 83.16 lacs (Previous year ` 83.16 lacs) was raised by disallowing depreciation amounting to ` 270.40 lacs (Previous year ` 270.40 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ` 6.40 lacs (Previous year ` 6.40 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed.

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EHIRCL has filed appeal before ITAT and ITAT vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which is pending disposal.

- vi) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2006-07 whereby the Assessing Officer had raised a demand of ` 305.16 lacs (Previous year ` 305.16 lacs) [including interest of ` 44.23 lacs (Previous year ` 44.23 lacs)] on EHIRCL by disallowing the claim of keyman insurance premium. EHIRCL had filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated July 23, 2009 had allowed partial relief to EHIRCL and had confirmed the balance amount of demand raised by Assessing Officer. EHIRCL filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of EHIRCL. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department had filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of EHIRCL. Department has further filed appeal before the Supreme Court against the said orders of Delhi High Court which is yet to be fixed.

Assessment for the A.Y. 2006-07 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of ` 99.33 lacs (Previous year ` 99.33 lacs) was raised by disallowing depreciation amounting to ` 136.43 lacs (Previous year ` 136.43 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ` 18.79 lacs (Previous year ` 18.79 lacs) and including the same in income. An appeal had been filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed. EHIRCL has filed appeal before ITAT, which vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which is pending disposal.

- vii) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2007-08 vide order dated December 24, 2009, whereby the Assessing Officer had raised a demand of ` 96.90 lacs (Previous year ` 96.90 lacs) [including interest of ` 0.76 lacs (Previous year ` 0.76 lacs) on EHIRCL by disallowing the claim of key man insurance premium and software development charges. The Commissioner of Income Tax (Appeals) Delhi, ITAT and Delhi High Court has allowed these claims in favour of EHIRCL. The Income tax department has filed appeal before the Supreme Court against the order of Delhi High Court, which is pending disposal.

Assessment for the A.Y. 2007-08 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of ` 56.48 lacs (Previous year ` 56.48 lacs) was raised by disallowing depreciation amounting to ` 115.96 lacs (Previous year ` 115.96 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ` 10.31 lacs (Previous year ` 10.31 lacs) and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed. EHIRCL has filed appeal before ITAT, which vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which is pending disposal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- viii) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2008-09 vide order dated December 31, 2010, whereby the Assessing Officer had made additions of ` 407.94 lacs (Previous year ` 407.94 lacs) including a sum of ` 307.63 lacs (Previous year ` 307.63 lacs) out of interest expenses holding that outstanding against group companies/subsidiaries were not for business purposes and a sum of ` 100.30 lacs (Previous year ` 100.30 lacs) out of the depreciation claimed by EHIRCL on its assets. Thus, reducing the loss from ` 2,955.28 lacs (Previous year ` 2,955.28 lacs) to ` 2,547.34 lacs (Previous year ` 2,547.34 lacs). An appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi which has been decided in favour of the company.
- ix) The Assessing Officer (TDS) - Jaipur had passed an order dated February 10, 2010, in respect of the Company for the assessment years 2008-09 and 2009-10, thereby raising the following demands:
- A.Y. 2008-09 - ` 16.74 lacs (Previous year ` 16.74 lacs) on account of non deduction of tax on blood processing charges (holding the same as technical services and alleging that TDS u/s 194J was deductible), payments to retainer doctors (alleging that TDS was deductible u/s 192 instead of 194J) and payment to Fortis Health World Limited for managing pharmacy (holding that such payments were commission and alleging that TDS u/s 194H was deductible). An appeal was filed before the Commissioner of Income-tax (Appeals) - Jaipur and was decided vide order dated January 4, 2011 thereby giving partial relief to the company and the demand raised has been brought down from ` 16.74 lacs (Previous year ` 16.74 lacs) to ` 5.61 lacs (Previous year ` 5.61 lacs) as per order dated December 7, 2011. The company on protest had paid a sum of ` 8.37 lacs (Previous year ` 8.37 lacs) and subsequent to appeal effect order dated December 7, 2011, a refund has been received amounting to ` 3.36 lacs (Previous year ` 3.36 lacs).
 - A.Y. 2009-10 - ` 0.37 lacs (Previous year ` 0.37 lacs) on account of non deduction of tax on blood processing charges (holding the same as technical services and alleging that TDS u/s 194J was deductible), and payment to Fortis Health world Limited for managing pharmacy (holding that such payments were commission and alleging that TDS u/s 194H was deductible). An appeal was filed before the Commissioner of Income-tax (Appeals) - Jaipur which was allowed vide order dated August 30, 2011. The company on protest had paid a sum of ` 0.19 lacs (Previous year ` 0.19 lacs) and subsequent to appeal effect order dated December 7, 2011, a refund of ` 0.42 lacs is receivable (Previous year ` 0.42 lacs).

The company filed an appeal before the Income-tax Appellate Tribunal, Jaipur against balance issues confirmed vide said orders of CIT (A). Department also filed appeal before ITAT against said orders of CIT (A). As per order dated December 16, 2013, appeal has been decided partially in favour of the Company through Third member reference, the Company has filed appeal before the Hon'ble High Court - Jaipur on the issue of tax deducted u/s 194J by the company on payments made to retainer doctors as against u/s 192 held to be deductible by the department which is pending disposal.

- x) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2009-10, whereby the Assessing Officer had raised a demand of ` 109.03 lacs (Previous year ` 109.03 lacs) [including interest of ` 23.24 lacs (Previous year ` 23.24 lacs)] by making (i) disallowance u/s 36(1)(iii) ` 307.89 lacs (Previous year ` 307.89 lacs), (ii) disallowance of depreciation - ` 69.70 lacs (Previous year ` 69.70 lacs), (iii) adding profit on sale of assets - ` 20.78 lacs (Previous year ` 20.78 lacs), (iv) disallowance u/s 14A - ` 54.69 lacs (Previous year ` 54.69 lacs), (v) disallowance of short term capital loss - ` 592.80 lacs (Previous year ` 592.80 lacs) and (vi) addition of exempt income ` 640.10 lacs (Previous year ` 640.10 lacs). An appeal was filed

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

with the Commissioner of Income Tax (Appeals), Chandigarh, against the disallowances made in the assessment order, which was dismissed. EHIRCL has filed appeal before ITAT, which vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which is pending disposal.

- xi) Regular assessment under section 143 (3) of Income Tax Act, 1961, has been completed in respect of EHIRCL for assessment year 2010-11, whereby the Assessing Officer has raised a demand of ` 83.25 lacs (Previous year ` Nil) by making i) disallowance u/s 36(1)(iii) ` 33.67 lacs (Previous year ` 33.67 lacs), ii) disallowance of depreciation - ` 59.14 lacs (Previous year ` 59.14 lacs) and iii) adding profit on sale of assets ` 6.31 lacs (Previous year ` 6.31 lacs). An appeal has been filed before the Commissioner of Income-tax (Appeals) – XIII, New Delhi, which is pending disposal.
- xii) Regular assessment under section 143 (3) of Income Tax Act, 1961, has been completed in respect of EHIRCL for assessment year 2011-12, whereby the Assessing Officer has raised a demand of ` 8.00 lacs (Previous year ` Nil) by making i) disallowance u/s 36(1)(iii) ` 105.00 lacs (Previous year ` Nil), ii) disallowance of interest on Capital work in progress for ` 26.86 lacs (Previous year ` Nil), iii) disallowance of depreciation of ` 50.68 lacs (Previous year ` Nil), iv) adding profit on sale of assets ` 4.20 lacs (Previous year ` Nil). Appeal against the above order is yet to be filed to Commissioner of Income Tax (Appeals) – New Delhi, which is pending disposal.

- 13. i)** The Commissioner of Customs (Import and General), Delhi had raised a demand on a subsidiary of the Company (EHIRCL) of ` 770.27 lacs [Previous year ` 770.27 lacs (including ` 347.64 lacs (Previous year ` 347.64 lacs)] as penalty for mis-declaration of the imported surgical machine with a redemption fine of ` 75.00 lacs (Previous year ` 75.00 lacs) for release of the said machine) on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty purposes. EHIRCL had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited ` 347.64 lacs (Previous year ` 347.64 lacs) under protest. The matter is pending for decision with the Tribunal.

Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Company, the management believes that the Company has a good chance of success in the case and hence, no provision there against is considered necessary.

- ii) The Assistant Collector of Customs had issued an assessment order in earlier year raising a demand of ` 330.39 lacs (Previous year ` 330.39 lacs) holding the EHIRCL, a subsidiary of the company to be a commercial establishment in relation to the import of medical equipments, spares and consumables. EHIRCL had filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of Customs, which has been rejected. EHIRCL filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and had asked EHIRCL to deposit a sum of ` 150.00 lacs (Previous year 150.00 lacs) with the customs authority. EHIRCL had deposited the amount with the customs authority and has also made a provision of ` 330.39 (Previous year ` 330.39) lacs in the books of accounts. The matter is still pending with the Tribunal.
- iii) The Deputy Commissioner of Customs had issued an assessment order in earlier year raising a demand of ` 166.49 lacs (Previous year ` 166.49 lacs) in relation to import of medical equipment. The Company had filed an appeal with the Hon'ble Supreme Court of India. The court had ordered for the stay and during the year court has asked the Company to deposit a sum of ` 83.25 lacs (Previous year ` Nil) with the customs authority. The Company had deposited the amount with the customs authority and has also made a provision of ` 166.49 lacs (Previous year ` 166.49 lacs) in the books of accounts. The matter is still pending with the court.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**14. Employee Stock Option Plan**

- i) The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the year ended March 31, 2011 and 200,000 options (Grant V) were granted during the year ended March 31, 2012. During the year ended March 31, 2012, 4,050,000 options (Grant VI) were granted under Plan 'B'. During current year 3,715,000 options (Grant VII) were granted under Plan 'B'. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share price of the Company during the year was ` 100.25 (Previous year ` 101.52). As at March 31, 2014, the following scheme was in operation:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10	12-Sep-11	23-Feb-12	10-Jun-13
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	12-Aug-11	12-Aug-11
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	19-Sep-11	19-Sep-11
Number of options granted	458,500	33,500	763,700	1,302,250	200,000	4,050,000	37,15,000
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015	September 12, 2012 to September 11, 2016	23-Feb-15	10-Jun-16
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20	11-Sep-21	22-Feb-19	09-Jun-20

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2014		March 31, 2013	
	Number of options	Weighted Average Exercise Price (`)	Number of options	Weighted Average Exercise Price (`)
Outstanding at the beginning of the year	4,535,330	117.40	5,975,810	117.80
Granted during the year	3,715,000	91.00	-	-
Forfeited during the year	2,397,920	103.62	1,412,860	119.98
Exercised during the year	14,800	72.58	27,620	72.42
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,837,610	106.38	4,535,330	117.40

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Particulars	March 31, 2014		March 31, 2013	
	Number of options	Weighted Average Exercise Price (`)	Number of options	Weighted Average Exercise Price (`)
Exercisable at the end of the year	276,330	135.48	328,070	126.63
Weighted average remaining contractual life (in years)	6.46	-	6.09	-
Weighted average fair value of options granted (in `)	37.47	-	34.11	-

The details of exercise price for stock options outstanding at the end of the year are as under:

Particulars	March 31, 2014	March 31, 2013
Range of exercise prices	` 50.00 to ` 158.00	` 50.00 to ` 158.00
Number of options outstanding	5,837,610	4,535,330
Weighted average remaining contractual life of options (in years)	6.46	6.09
Weighted average exercise price (in `)	106.38	117.40

Stock Options granted

The weighted average fair value of stock options granted during the year is ` 36.59 (Previous year ` Nil). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2014	March 31, 2013
Price	` 50.00 to ` 158.00	` 50.00 to ` 158.00
Expected Volatility	6.42% to 34%	6.42% to 34%
Life of the options granted (Vesting and exercise period) in years	6.5 years	6.5 years
Expected dividends	-	-
Average risk-free interest rate	7.31% to 8.70%	7.50% to 8.70%
Expected dividend rate	-	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

The fair value of total option outstanding at the year end is ` 2,187.19 lacs (Previous year ` 1,547.03 lacs) and these shall vest over a period of 3-5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been ` 627.37 lacs (Previous year ` 412.17 lacs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- ii) One of the subsidiaries, Dental Corporation Holdings Limited ("DC"), operates an employee share option plan (ESOP). The vesting period of the option ranges from nine months to three years from the grant date. The exercise price of the options is equal to the estimated market price of the DC shares on the date of grant. The contractual life of the options ranges from one to five years. These options were granted under equity settlement method and there are no conditions for vesting other than continued employment with DC. As at March 31, 2012, 23,412,560 numbers of options were outstanding with vesting period ranging from nil to 52 months and excisable period up to June 30, 2016.

There has been no cancellation or modification to the ESOP during the year.

The details of activity under plans have been summarized below:

Particulars	March 31, 2014		March 31, 2013	
	Number of options	Weighted average exercise price per share (AUD)	Number of options	Weighted average exercise price per share (AUD)
Outstanding at the beginning of the period	23,412,560	1.97	23,412,560	1.97
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Deletion on disposal of DC	23,412,560	1.97	-	-
Outstanding at the end of the period	-	-	23,412,560	1.97
Exercisable at the end of the period	-	-	17,140,860	1.93
Weighted average remaining contractual life (in years)	-	-	2.90	-
Weighted average fair value of options granted (in AUD\$)	-	-	0.17	-

The details of exercise price for stock options outstanding at the end of the period are as under:

Particulars	March 31, 2014	March 31, 2013
Range of exercise prices (AUD)	-	0.95 to 3.39
Number of options outstanding	-	23,412,560
Weighted average remaining contractual life of options (in years)	-	2.90
Weighted average exercise price (in AUD\$)	-	1.97

- iii) One of the subsidiaries of the Company, FMHL provides share-based payment schemes to its employees. During the year ended March 31, 2014, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of FMHL on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August 2009. The following are some of the important conditions to the scheme:

Vesting Plan

- 25% of the option shall vest on the completion of 12 months from the grant date.
- 25% of the option shall vest on the completion of 24 months from the grant date.
- 25% of the option shall vest on the completion of 36 months from the grant date.
- 25% of the option shall vest on the completion of 48 months from the grant date.

Exercise Plan

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan.

Effective Date

The plan shall be deemed to have come to in force on the 21 August 2009 or on such other date as may be prescribed by the board of directors of FMHL subject to the approval of shareholders of the FMHL in general meeting.

The details of activity under the Scheme are summarized below:

	March 31, 2014		March 31, 2013	
	No. of options	WAEP (`)	No. of options	WAEP (`)
Outstanding at the beginning of the year	280,000	26.20	295,000	26.20
Granted during the year	-	-	-	-
Forfeited during the year	50,000	26.20	15,000	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	230,000	26.20	280,000	26.20
Exercisable at the end of the year	22,212	26.20	70,000	26.20

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2014 is 2.75 years (March 31, 2013: 3.75 years). The range of exercise prices for options outstanding at the end of the year was ` 10 (March 31, 2013: ` 10)

The weighted average fair value of stock options granted during the year was ` Nil (March 31, 2013: ` Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2014	March 31, 2013
Dividend yield (%)	Nil	Nil
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
Weighted average share price (₹)	Nil	Nil
Exercise price (₹)	26.20	26.20
Expected life of options granted in years	5	5

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

- iv) In respect of one of the subsidiary SRL, the shareholders of that company vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of the SRL have been granted to the employees of the SRL at an exercise price of ₹ 40 per share and the following are the Scheme details:

Date of grant	August 22, 2009
Date of Board Approval	August 22, 2009
Date of Shareholder's approval	August 17, 2009
Number of options granted	1,517,470
Method of Settlement (Cash/Equity)	Equity
Vesting Period	Over three year- August 22, 2010 to August 22, 2012
Exercise Period	Up to August 21, 2019

The details of activity under the plan have been summarized below:-

Particulars	March 31, 2014		March 31, 2013	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,046,220	40.00	1,095,256	40.00
Granted during the period	-	-	-	-
Forfeited /Cancelled during the period	81,252	40.00	49,036	40.00
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the year	964,968	40.00	1,046,220	40.00
Exercisable at the end of the year	964,968	40.00	1,046,220	40.00
Weighted average fair value of options granted on the date of grant	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

The details of the exercise price of stock options outstanding at the end of the year are

	March 31, 2014	March 31, 2013
Range of exercise price	40.00	40.00
Number of options outstanding	964,968	1,046,220
Weighted average remaining contractual life of options	5.4 years	6.4 years
Weighted average exercise price	40.00	40.00

The weighted average fair value of stock options granted during the year was ` Nil. The black scholes option valuation model has been used for computing the weighted average fair value considering the following inputs.

	March 31, 2014	March 31, 2013
Weighted average share price	-	-
Exercise Price	40.00	40.00
Expected Volatility	44.60%	44.60%
Historical Volatility	-	-
Life of the options granted (Vesting and exercise period) in years	5.50	5.50
Expected dividends	-	-
Average risk-free interest rate	6.87%	6.87%
Expected dividend rate	-	-

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Performa disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(` in Lacs)

Particulars	March 31, 2014	March 31, 2013
Profit as reported	12,252.24	49,993.60
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	(631.45)	(453.09)
Performa profit	11,620.79	49,540.51
Earnings Per Share (In `)		
Basic		
- As reported	2.70	12.34
- Pro forma	2.57	12.23
Diluted		
- As reported	2.70	12.34
- Pro forma	2.57	12.22

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

15. a) A subsidiary of the Company, Lalitha Healthcare Private Limited ('LHPL'), has incurred losses of ` 352.59 lacs (Previous year ` 114.41 lacs) during the current year and has accumulated losses of ` 1,637.09 lacs (Previous year ` 1,284.50 lacs) as at March 31, 2014, which has resulted in complete erosion of LHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of LHPL have been prepared on a going concern basis.
- b) A subsidiary of the Company, Hiranandani Healthcare Private Limited ('HHPL'), has incurred profit of ` 859.53 lacs (Previous year ` 253.66 lacs) during the current year and has accumulated losses of ` 4,521.39 (Previous year ` 5,380.72 lacs) as at March 31, 2014, which has resulted in complete erosion of HHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of HHPL have been prepared on a going concern basis.
- c) A subsidiary of the Company, Fortis HealthStaff Limited ('FHSL'), has incurred profit of ` 37.74 lacs (previous year loss of ` 107.61 lacs) during the current year and has accumulated losses of ` 1,333.66 lacs (Previous year ` 1,371.40 lacs) as at March 31, 2014, which has resulted in complete erosion of FHSL's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHSL have been prepared on a going concern basis.
- d) A subsidiary of the Company, Fortis Health Management (West) Limited ('FHM(W)L'), has incurred loss of ` 5.87 lacs (Previous year loss of ` 11.02 lacs) during the current year and has accumulated losses of ` 34.56 lacs (Previous year ` 28.70 lacs) as at March 31, 2014, which has resulted in complete erosion of FHM(W)L's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHM(W)L have been prepared on a going concern basis.
- e) A subsidiary of the Company, Fortis Health Management (South) Limited ('FHM(S)L'), has incurred loss of ` 53.83 lacs (Previous year loss of ` 61.88 lacs) during the current year and has accumulated losses of ` 119.62 lacs (Previous year ` 65.80 lacs) as at March 31, 2014, which has resulted in complete erosion of FHM(S)L's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHM(S)L have been prepared on a going concern basis.
- f) A subsidiary of the Company, Fortis C-Doc Healthcare Limited ('C-Doc'), has incurred loss of ` 510.84 lacs (Previous year loss of ` 561.72 lacs) during the current year and has accumulated losses of ` 1,099.10 lacs (Previous year ` 588.26 lacs) as at March 31, 2014, which has resulted in complete erosion of C-Doc's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of C-Doc have been prepared on a going concern basis.
- g) A subsidiary of the Company, Fortis Health Management (East) Limited ('FHM(E)L'), has incurred loss of ` 124.42 lacs (Previous year loss of ` 67.62 lacs) during the current year and has accumulated losses of ` 199.91 lacs (Previous year ` 75.49 lacs) as at March 31, 2014, which has resulted in complete erosion of FHM(E)L's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHM(E)L have been prepared on a going concern basis.
- h) A joint venture of the Company, Fortis Cauvery ('Cauvery'), has incurred loss of ` 445.47 lacs (Previous year loss of ` 316.75 lacs) during the current year and has accumulated losses of ` 886.19 lacs (Previous year accumulated loss ` 440.72 lacs) as at March 31, 2014. In view of the commitment of continued financial support by the partners, the accounts of Cauvery have been prepared on a going concern basis.
- i) A subsidiary of the Company, Fortis Healthcare International Limited ('FHIL'), has incurred profit of ` 489.40 lacs (Previous year profit of ` 3,498.21 lacs) during the current year and has

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

accumulated losses of ` 1,540.12 lacs (Previous year ` 2,029.52 lacs) as at March 31, 2014. In view of the commitment of continued financial support by the shareholders, the accounts of FHIL have been prepared on a going concern basis.

- j) A subsidiary of the Company, Fortis Healthcare International Pte Limited ('FHIPL'), has incurred profit of ` 52,709.20 lacs (Previous year loss of ` 24,217.10 lacs) during the current year and has accumulated profits of ` 5,795.14 lacs (Previous year loss of ` 46,914.06 lacs) as at March 31, 2014. In view of the commitment of continued financial support by the shareholders, the accounts of FHIPL have been prepared on a going concern basis.

16. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':**Defined benefit plan**

The Group companies have a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefit on the basis of last salary drawn and completed number of years of service. The gratuity plan for two subsidiaries of the Company is 100% funded with an insurance policy with Life Insurance Corporation of India.

The companies of the Group also provides leave encashment benefit to its employees, which is unfunded.

The following table summarizes the components of net employee benefit expenses recognized in the consolidated statement of profit and loss:

Particulars	(` in lacs)			
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
	2013-2014	2013-2014	2012-2013	2012-2013
Profit and Loss account				
Net employee benefit expenses (recognized in Personnel Expenses / Expenditure during Construction Period)				
Current Service cost	639.79	111.93	503.23	94.50
Interest Cost on benefit obligation	213.15	51.18	168.49	33.48
Expected return on plan assets	-	(38.74)	-	(35.03)
Reversal of excess provision	-	-	(2.43)	1.21
Actuarial loss/(gain) recognized during the year	(149.03)	(62.93)	284.47	47.17
Past Service Cost	-	-	-	-
Net benefit expense	703.91	61.44	953.76	141.33
Actual return on plan assets			-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	Gratuity	Gratuity	Gratuity	Gratuity
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
	2013-2014	2013-2014	2012-2013	2012-2013
Balance sheet				
Details of Provision for Gratuity as at year end				
Present value of defined benefit obligation	3,153.25	676.61	2,819.27	624.49
Fair value of plan assets	-	516.89	-	409.31
Surplus/(deficit) of funds	(3,153.25)	(159.72)	(2,819.27)	(215.18)
Net asset/ (liability)	(3,153.25)	(159.72)	(2,819.27)	(215.18)
Changes in present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	2,819.27	624.49	2,085.17	403.45
Liability assumed/ deleted on acquisition/ (disposal) of Subsidiaries	-	-	(36.42)	-
Current Service cost	639.79	111.93	503.23	94.50
Interest Cost on benefit obligation	213.15	51.18	168.49	33.48
Liability transfer on sale of Hospital undertaking	-	-	-	-
Reversal of excess provisions	-	-	(2.43)	1.21
Plan Amendments Cost/ (Credit)	-	-	-	-
Benefits paid	(369.93)	(48.76)	(183.24)	(14.32)
Actuarial (loss)/ gain recognized during the year	(149.03)	(62.23)	284.47	106.17
Closing defined benefit obligation	3,153.25	676.61	2,819.27	624.49
Changes in the fair value of plan assets are as follows:				
Opening fair value of plan assets	-	409.31	-	395.46
Assets assumed on acquisition of Subsidiary*	-	-	-	-
Expected return	-	38.74	-	35.03
Contributions by employer	-	94.73	-	19.94
Benefits paid	-	(26.59)	-	(11.15)
Actuarial gains / (losses)	-	0.70	-	(29.97)
Closing fair value of plan assets	-	516.89	-	409.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

The Principal assumptions used in determining gratuity obligation for the Group's plan are shown below:

Particulars	March 31, 2014	March 31, 2013
In case of FHL & FHsL		
Discount rate	9.25%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18.00%	18.00%
From 31 to 44 years	6.00%	6.00%
Above 44 years	2.00%	2.00%
In case of EHIRCL and FHsL-Faridabad, Agra & Amritsar		
Discount rate	9.25%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6.00%	6.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
In case of FHsL-Faridabad		
Discount rate	9.25%	8.00%
Expected rate of return on plan assets	9.25%	9.25%
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6.00%	6.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
In case of FMHL		
Discount rate	9.25%	8.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	March 31, 2014	March 31, 2013
Expected rate of return on plan assets	9.25%	9.25%
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18.00%	18.00%
From 31 to 44 years	6.00%	6.00%
Above 44 years	2.00%	2.00%
In case of FHsL –FHKI, Kalyan, Mulund, BG Road, CH Road, Anandpur		
Discount rate	9.25%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10% for first 3 years & 8% thereafter	10% for first 3 years & 8% thereafter
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10.00%	10.00%
Upto 40 years	5.00%	5.00%
Upto 50 years	3.00%	3.00%
Above 50 years	2.00%	2.00%
In case of LHPL		
Discount rate	9.25%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	10.00% p.a for first 3 years and 8.00% p.a thereafter
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10.00%	10.00%
Upto 40 years	5.00%	5.00%
Upto 50 years	3.00%	3.00%
Above 50 years	2.00%	2.00%
In case of HHPL		
Discount rate	9.25%	8.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	March 31, 2014	March 31, 2013
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a. for first 3 years starting from April 1, 2012 and 8.00% p.a. thereafter	10.00% p.a. for first 3 years starting from April 1, 2012 and 8.00% p.a. thereafter
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10.00%	18.00%
Upto 40 years	5.00%	5.00%
Upto 50 years	3.00%	3.00%
Above 50 years	2.00%	-
In case of C-Doc		
Discount rate	9.25%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18.00%	18.00%
From 31 to 44 years	6.00%	6.00%
Above 44 years	2.00%	2.00%
In case of SRL		
Discount rate	9.10%	8.13% - 8.18%
Expected rate of return on plan assets	8.00%	8.00%
Expected rate of salary increase	6.50%	6.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	LIC (1994-96) ultimate
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
In case of MSML		
Discount rate	9.25%	8.07%
Expected rate of return on plan assets	NA	NA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	March 31, 2014	March 31, 2013
Expected rate of salary increase	4.00%	4.00%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	LIC (1994-96) ultimate
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	4.00%	4.00%
From 31 to 44 years	4.00%	4.00%
Above 44 years	4.00%	4.00%
In case of FHM(E)L		
Discount rate	9.25%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (Modified) ULT.	Indian Assured Lives Mortality (2006-08) (Modified) ULT.
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18.00%	18.00%
From 31 to 44 years	6.00%	6.00%
Above 44 years	2.00%	2.00%

Amounts for the current and the previous four years are as follows:-

(` in lacs)

	Year ending				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation at the end of the period	(2619.33)	(3,443.7)	(2,489.15)	(1,740.00)	(1,351.98)
Plan assets at the end of the period	797.84	409.31	395.46	181.91	146.52
Funded status	(1821.49)	(3,034.46)	(2,093.69)	(1,558.09)	(1,205.46)
Experience gain/ (loss) adjustment on plan liabilities	(195.09)	(245.41)	(72.47)	(139.94)	(24.05)
Experience gain/ (loss) adjustment on plan assets	32.05	(29.97)	(17.29)	0.28	0.86
Actuarial gain/ (loss) due to change on assumptions	296.10	(52.84)	57.93	-	17.82

Notes:

1. The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

2. The Fortis Group's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.
3. The group has invested in the schemes with Life Insurance Corporation of India for the plan assets.
- 17.** During the year ended March 31, 2011, the Company had issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the closing price of the Shares on each trading day with respect to the shares for a period of at least 30 consecutive such trading days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain early redemption amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Management has reassessed the probability for conversion of bonds into equity and is of the opinion that it is unlikely that conversion option will be availed by the bondholders. On account of the same, the Company has utilized Securities premium account for the proportionate premium on redemption for the period up to March 31, 2014 amounting to ₹ 1,472.10 lacs. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2014 considered for restatement of the Bonds at the year end was ₹ 60.059349 = US Dollar 1 (₹ 54.285 = US Dollar 1 at March 31, 2013).

- 18.** During the current year, the Company issued 150 Foreign Currency Convertible Bonds aggregating to US Dollar 30,000,000 due 2018 (the "Bonds") at the rate of (4.66%+LIBOR). These Bonds are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Bonds are convertible upto US Dollar 24,000,000 of principal amount at the option of the holder at any time on or after September 17, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to August 01, 2018 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

of the Bonds”) of ` 99.09 with 1,204.71 shares being issued per Bond with a fixed rate of exchange on conversion of ` 59.6875 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

Subject to certain conditions, the Bonds may be converted mandatorily into fully paid equity shares, 20% of the principal amount of bond outstanding (but in no event exceeding US Dollar 6,000,000 in aggregate principal amount of Bonds), at the option of the Company at any time on or after September 17, 2013 up to August 01, 2018 at the Partial Reset Conversion Price (as defined in the “Terms & Conditions of the Bonds”).

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on August 08, 2018 at 100 per cent of its principal amount. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

The Company has incurred expenses of ` 542.62 lacs (including ` 24.72 lacs paid to Auditors) in connection with this issue.

The proceeds of the issue amounting to ` 18,390.74 lacs have been used for repayment of debts.

Exchange Rate at March 31, 2014 considered for restatement of the Bonds at the year end was ` 60.059349= US Dollar 1.

- 19.** During the current year, 2014, the Company issued 550 Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 55,000,000 due 2018 (the “Bonds”) at the rate of (4.86%+LIBOR). The Bonds are convertible at the option of International Finance Corporation (“IFC”) , an international organization established by Articles of Agreement among its member countries including the Republic of India (the holder) giving 7 days notice to the Company at any time on or after June 07, 2013 up to June 08, 2018 into fully paid equity shares with full voting rights at par value of ` 10 each of the Company (“Shares”) at an initial Conversion Price (as defined in the “Terms & Conditions of the Bonds”) of ` 99.09 and number of shares to be issued will be calculated on conversion on the basis of applicable rate of exchange of US Dollar and ` on conversion date. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may be converted on the request of the holder but not less than value of US Dollar 5,000,000 or in multiple of US Dollar 1,000,000 there after. Except in certain condition mentioned in the “Terms & Conditions of the Bonds” the holder cannot exercise the Conversion Option in part or in full in respect of twenty per cent (20%) of the original bond value for a period of three (3) years after the Subscription Date.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be converted mandatorily into fully paid equity shares, 20% of the principal amount of bond at the option of the Company at any time on or after June 07, 2013 at Modified Conversion Price (as defined in the “Terms & Conditions of the Bonds”).

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on June 08, 2018 at 100 per cent of its principal amount. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Exchange Rate at March 31, 2014 considered for restatement of the Bonds at the year end was ` 60.059349= US Dollar 1.

- 20.** Goodwill arising on consolidation appearing in consolidated financial statements is after netting off Capital Reserve aggregating to ` 1,288.53 lacs (Previous year ` 1,288.53) arise on the acquisition of FMHL, a subsidiary of the Company.
- 21.** During the previous year, certain shareholders of the SRL had agreed to gift 1,500,000 shares of the SRL to some employees/ directors and consultants of SRL in lieu of motivating them and retaining them over the balance period of engagement agreement with them or for 3 years from the date of execution of gift deed signed with them dated July 7, 2011, whichever is higher. The shares are transferred by the shareholders of SRL in an escrow account which is managed, controlled and operated solely by the escrow agent, in accordance with the provisions of the escrow agreement. At the expiry of the term as mentioned above and on satisfaction of conditions mentioned in the respective gift deeds, the shareholders shall direct the escrow agent to release the subjected shares in favor of such employees/ directors and consultants of SRL. The SRL or its subsidiary does not have any settlement/ other obligation under the arrangements either towards employees/ directors and consultants or shareholders. The Guidance Note on Accounting for Employee Share-based Payments does not provide any specific guidance on accounting of grant of shares by the shareholders. Hence, in the absence of any specific guidance, SRL has not accounted/ disclosed for the grant.
- 22.** Included in the note no. 4 (xix) rental security deposit amounting to ` 158.54 lacs outstanding from a party in relation to a building vacated by SRL more than 24 months ago, which based on legal action and advice taken as well as management's engagement with the said party is considered good and fully recoverable by the management. Although aged, management does not consider need to make any provision for these recoverable deposits.
- 23.** During the year, the Group has capitalized the following expenses to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalized by the Group as per details below:

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
Opening Balance (A)	10,460.44	10,840.49
Revenue from Operation		
In patient	-	647.46
Out patient	-	269.52
Income from medical services	-	18.85
Other operating revenues	-	14.21
Less: Discount	-	(64.27)
Other Income	-	8.15
Total (B)	-	893.92
Purchase of medical consumables and pharmacy (C)	-	219.75
Employee Benefits		
Salaries, wages and bonus	781.13	2,307.34
Gratuity	-	27.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	` in lacs	` in lacs
Leave encashment	-	21.31
Contribution to provident & other funds	-	37.16
Staff welfare expenses	-	51.04
Recruitment & training	-	0.11
Total (D)	781.13	2,444.48
Other expenses		
Contractual manpower	32.07	182.27
Power, fuel and water	121.08	622.69
Housekeeping expenses including consumables	213.80	79.01
Patient food and beverages	-	29.28
Pathology laboratory expenses	-	145.01
Radiology expenses	-	1.11
Consultation fees to doctors	147.79	23.13
Professional charges to doctors	-	1,214.81
Hospital Service fee Expense	-	464.00
Cost of medical services	-	137.60
Repairs & maintenance	50.01	172.35
Rent	2,122.51	2,866.37
Legal & professional fee	13.97	393.31
Travel & conveyance	25.33	76.05
Rates & taxes	0.51	12.11
Printing & stationary	0.04	13.17
Communication expenses	0.93	46.03
Insurance	0.60	0.02
Marketing & business promotion	6.27	15.98
Miscellaneous expenses	30.33	28.39
Total (E)	2,765.24	6,522.69
Financial expenses		
Interest	-	326.27
Bank Charges	-	1.34
Total (F)	-	327.61
Total (G)	14,006.81	19,461.10
Less: Expenses allocated to Fixed Assets during the year	(8,471.74)	(4,555.76)
Less: Deletion on sale of subsidiary	-	(4,444.90)
Balance carried forward to Capital Work in Progress	5,535.07	10,460.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**24. Interest in joint ventures**

- a) The Company, through one of its subsidiary, SRL, has entered into a Joint Venture agreement with Life Care Services Private Limited Nepal, to carry on the business of operating pathology labs and diagnostics centers in Nepal and, for this purpose, has incorporated SRL Diagnostics (Nepal) Pvt. Ltd. (formerly Super Religare Reference Laboratories (Nepal) Pvt. Ltd.) ("SRRL") with 50% interest in assets, liabilities, expenses and income.

The Group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended March 31, 2014:

	(` in lacs)	
Particulars	March 31, 2014	March 31, 2013
I. EQUITY AND LIABILITIES		
Shareholders' funds	138.72	123.65
Non-current liabilities	12.41	13.50
Current liabilities	25.55	29.52
TOTAL	176.68	166.67
II. ASSETS		
Non-current assets	58.19	75.93
Current assets	118.49	90.74
TOTAL	176.68	166.67
Total revenue from operations and other income considered in the consolidated financial statements	213.02	184.50
Total expenses considered in the consolidated financial statements	197.95	177.04
Profit considered in the consolidated financial statements	15.07	7.46

- b) The Company, through another subsidiary, SRLDPL, has entered into a Joint Venture agreement with DDRC SRL Diagnostics Private Limited with 50% interest in assets, liabilities, expenses and income.

The Group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended March 31, 2014:

	(` in lacs)	
Particulars	March 31, 2014	March 31, 2013
I. EQUITY AND LIABILITIES		
Shareholders' funds	1,324.93	1,141.05
Non-current liabilities	139.97	143.32
Current liabilities	368.28	385.74
TOTAL	1,833.18	1,670.11
II. ASSETS		
Non-current assets	1,320.57	1,246.13
Current assets	512.61	423.98
TOTAL	1833.18	1,670.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	(` in lacs)	
Particulars	March 31, 2014	March 31, 2013
Total revenue from operations and other income considered in the consolidated financial statements	3,092.02	2,604.66
Total expenses considered in the consolidated financial statements	2,908.13	2,446.49
Profit considered in the consolidated financial statements	183.89	158.17

- c) Fortis Health Management (South) Limited, a subsidiary of the Company, has entered into a Partnership agreement with Dr. Chandrashekar G.R. and Dr. Sarla Chandershekar on April 27, 2011 with 51% share in assets, liabilities, income and expenses, to provide cardiac care facilities.

The Group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended March 31, 2014:

	(` in lacs)	
Particulars	March 31, 2014	March 31, 2013
I. EQUITY AND LIABILITIES		
Shareholders' funds	(145.96)	81.23
Non-current liabilities	141.29	191.94
Current liabilities	623.21	396.57
TOTAL	618.54	669.74
II. ASSETS		
Non-current Assets	500.62	536.46
Current assets	117.92	133.28
TOTAL	618.54	669.74
Total revenue from operations and other income considered in the consolidated financial statements	501.57	450.71
Total expenses considered in the consolidated financial statements	728.76	612.26
Loss considered in the consolidated financial statements	(227.19)	(161.55)

25. Restructuring:

- a. During the year ended March 31, 2012, the Company initiated internal restructuring within the Group with a view to streamline and focus Group companies' resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light model. Subsequent to it RHT, a business trust established in Singapore, was listed on the Singapore Exchange Securities Trading Limited ('SGX-ST') on October 19, 2012.

RHT made an offering of 567,455,000 common units at \$ 0.90 per common unit. Post listing of RHT on SGX-ST on October 19, 2012, Group's shareholding in RHT has been diluted from 100% to 28%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Accordingly, assets and liabilities of Clinical Establishment Division held by RHT Group do not form part of the consolidated assets and liabilities of the Group w.e.f. October 19, 2012. Company recognized gain of ₹ 99,588.79 lacs on dilution of stake in RHT Group during the previous year. Revaluation reserve pertaining to fixed asset of RHT group was transferred to general reserve.

FHL as sponsor of RHT has waived off its right to receive dividend from RHT from the date of listing till March 31, 2014, accordingly, management has not accounted for profits of RHT.

The share of such profits waived as well as the reduction in net asset value of the group's share consequent of dividend distributed to other unit holders is goodwill arising at the time of listing, which has been tested for impairment. Considering the traded price of units being higher than the carrying value of investment in RHT, there is no impairment on the investment in RHT.

During the current year Kanishka Healthcare Limited ('KHL'), Escort Hospital and Research Centre Limited ('EHRCL') and Escorts Heart and Super Speciality Institute Limited ('EHSSIL'), subsidiaries of RHT have been merged into another subsidiary of RHT, International Hospital Limited ('IHL').

- b. The following transactions have taken place during the previous year ended March 31, 2013:-
 - i. Fortis Hospitals Limited ('FHsL'), a subsidiary of the Company, has sold its clinical establishment divisions at Bannerghatta Road, Bangalore and Mulund, Mumbai to erstwhile Kanishka Healthcare Limited ('KHL') for a consideration of ₹ 20,200.00 lacs and Anandpur, Kolkata and Kalyan, Maharashtra to International Hospital Limited ('IHL') for a consideration of ₹ 12,850.00 lacs on a slump sale basis.
 - ii. Fortis Malar Hospitals Limited (FMHL), a subsidiary of the Company, has sold its clinical establishment division at Chennai to Fortis Health Management Limited ('FHML') for a consideration of ₹ 7,000.00 lacs on a slump sale basis.
 - iii. Investments in the following companies have been diluted:-
 - a) Escorts Heart Institute and Research Centre Limited ('EHIRCL') has sold 4% stake in FHML to Fortis Global Healthcare Infrastructure Pte Limited ('FGHIPL') for a consideration of ₹ 3,861.75 lacs.
 - b) FHsL has sold 48% and 4% stake in erstwhile Kanishka Healthcare Limited ('KHL') to erstwhile Escorts Health and Super Speciality Institute Limited ('EHSSIL') and FGHIPL for a consideration of ₹ 45,758.26 lacs and ₹ 3,815.42 lacs respectively.
- c. On completion of the Trial Phase Services Agreement, erstwhile Fortis Health Management (North) Limited ('FHM(N)L') entered into Hospital and Medical Services Agreement ('HSMA') with erstwhile EHSSIL for hospital at Amritsar, erstwhile Escorts Hospital and Research Centre Limited ('EHRCL') for hospital at Faridabad, IHL for hospital at Noida and Fortis Hospotel Limited ('FHTL') for hospital at Shalimar Bagh, which are effective from April 1, 2012.

In addition, FHM(N)L also entered into HSMA with FHTL for hospital at Gurgaon from August 1, 2012. FHsL has entered into HSMA with IHL for hospitals at Anandpur and Kalyan; and with erstwhile KHL for hospitals at Mulund and Bannerghatta Road with effect from October 19, 2012; Fortis Malar Hospitals Limited has entered into HSMA with FHML for hospital at Chennai with effect from October 19, 2012.

IHL, EHSSIL, EHSSHL, KHL, FHML and EHRCL are collectively referred to as Hospital Service Companies. FHM(N)L, FHsL and FMHL are collectively referred as Fortis Operating Companies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- d. On January, 9 2012, FHML entered into Share Purchase Agreement to acquire 49% interest in FHTL at an aggregate consideration of ₹ 37,728.39 lacs. FHTL is the owner of Shalimar Bagh Clinical Establishment and Gurgaon Clinical Establishment. FHML on September 17, 2012 entered into Shareholders' Agreement with the Company, pursuant to which FHML has a call option over the Company's 51% interest in FHTL ("FHTL Call Option") at a fixed price, subject to fulfillment of certain conditions, applicable laws including, and receipt of necessary approvals from all third parties. FHML also has the right to appoint 50% of the directors of FHTL, including the chairman of the board of directors who will have the casting vote in case of deadlock on any matter, including all financial and operating policies of the company, brought to the board of directors for its approval. Additionally, the Company has assigned its right to receive dividends from FHTL in favour of FHML. By virtue of availability of above rights under the Shareholder's agreement, FHTL has been deconsolidated from the Group. In addition, FHML has a put option on its 49% interest in FHTL ("FHTL Put Option"), exercisable if FHML is unable to acquire 100% of the issued and paid-up share capital of FHTL within 5 years from the date of transfer of the 49% shareholding of FHTL by the Company to FHML, for any reason outside the control of FHML. The put option shall be exercised at a price that is equal to the fair market value of Put Securities on the date of exercise of put option, determined on a discounted cash flow basis.

- 26.** During the previous year, FHsL and FHM(N)L, subsidiaries of the Company have filed an application with Hon'ble Delhi High Court for merger of FHM(N)L in to FHsL from an appointed date of April 1, 2012 (scheme), with an objective of reducing administrative cost, overhead, managerial and other expenditure and to bring the expertise, technology and facilities under one roof. It would also simplify corporate structure which would provide management more scope to focus on development of business of the companies. The scheme had already been approved by the shareholders of both the Companies.

Salient features of the scheme of amalgamation of FHM(N)L with FHsL:-

- i. The Scheme of amalgamation ('the scheme') under sections 391 and 394 of the Companies Act, 1956, between the FHsL and FHM(N)L, was approved by the Hon'ble High court of New Delhi, vide its order dated July 22, 2013. FHsL filed the Order of the Hon'ble High Court approving the scheme, with the Registrar of Companies on September 1, 2013; therefore the scheme became effective from September 1, 2013 with appointed date as April 1, 2012.
- ii. FHM(N)L was engaged in the business of providing consultancy and development work for establishment, promotion, maintenance, management, operation and conduct of healthcare and related services and to purchase, lease or otherwise acquire, promote, own, establish, operate, run or administer hospitals, clinics, nursing homes, chemist shops and all other kinds of healthcare centre(s) etc. and as per the scheme of amalgamation, FHsL shall continue to carry on the business.
- iii. In terms of Accounting Standard 14 – Accounting for Amalgamations notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the Scheme of Amalgamation was accounted for under the 'Pooling of Interest Method', wherein all the assets and liabilities of FHM(N)L became, after amalgamation, the assets and liabilities of FHsL.
- iv. Pursuant to the Scheme, the business of FHM(N)L had been transferred to FHsL on a going concern basis. Accordingly, all the assets, liabilities, rights, licenses, benefits, obligations etc. of FHM(N)L, as on April 1, 2012, stand transferred to and vested in FHsL.
- v. As per the Scheme, FHsL had allotted to the members of FHM(N)L 1 (one) equity share of the face value of ₹ 10/- (ten) each of FHsL, credited as fully paid up for every 1 (one) equity shares of ₹ 10/- each held by the members of FHM(N)L in FHM(N)L.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- 27.** During the previous year, the Company initiated an institutional placement programme (IPP) for issuance of equity share of the Company. The issue was authorised by the Board of Directors through circular resolutions dated November 27, 2012 and by the Company's shareholders through a special resolution passed by way of postal ballot the result whereof was announced on January 15, 2013.

During the current year, the Board of Directors of the Company, through its resolution dated May 17, 2013, authorised the issuance of up to 34,993,030 equity shares of face value ` 10 each at a price of ` 92 per equity share under IPP. The transaction was concluded in May 2013. The total proceeds of the issue were approximately ` 32,193.59 lacs. The Company has incurred expenses of ` 1,377.92 lacs (including ` 37.10 lacs paid to Auditors) in connection with this issue. The specified purposes for utilization of issue proceeds were repayment of debts, funding capital expenditure requirements and general corporate purposes. All proceeds of the issue have been utilized for the specified purposes as follows:-

Particulars	(` in lacs)
Receipts	32,193.59
Less: Expenses incurred for the issue	1,377.92
Net Receipts	30,815.67
Use of proceeds	
Repayment of debt	15,000.00
General corporate purpose	15,815.67
Total	30,815.67

- 28.** During the current year, the Board of Directors of the Company, through its resolution dated April 24, 2013, authorised the issuance of up to 28,610,355 Equity Shares to International Finance Corporation through a preferential allotment. Subsequently, The Company issued and allotted 18,833,700 equity shares to International Finance Corporation at ` 99.09 per share including premium of ` 89.09 per share aggregating to ` 18,662.31 lacs.
- 29.** During the current year, the shareholders of the Company, through its special resolution dated August 22, 2013, authorized the issuance of 3,737,449 Equity shares to Standard Chartered Private Equity (Mauritius) III Limited through a preferential allotment. Subsequently, on September 5, 2013, the Company issued and allotted 3,737,449 equity shares to Standard Chartered Private Equity (Mauritius) III Limited at ` 99.09 per share including premium of ` 89.09 per share aggregating to ` 3,703.44 lacs.
- 30. A)** During the previous year ended on March 31, 2013, EHIRCL has issued 401,769 Compulsorily Convertible Preference Shares ("CCPS") of face value of ` 10 each at a premium of ` 7,456.98 per CCPS to KHL with a maturity period of 15 years aggregating to ` 30,000 lacs. The holder of CCPS shall be entitled to receive, only out of fund legally available for the payment of dividends, dividends in respect of the par value of the invested CCPS at a per annum rate of 0.01%. The fixed dividend shall be payable on a cumulative basis at the end of a period of 15 years. On conversion date, each CCPS will be convertible into one equity share, provided that the price for conversion shall not at any instance be lesser than the investment valuation. Other key terms of CCPS agreement are:-
- a) CCPS Put Option – KHL is entitled to exercise an unconditional and irrevocable right to require the Company or its nominee to buy all of CCPS held by KHL in EHIRCL upon occurrence of KHL having exercised Fortis Hospotel Limited ('FHTL') Put Option or FHTL Call Option under shareholders agreement entered between the Company, FHTL and FHML. The considerations payable by the Company to KHL is as follows :-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- In case of FHTL call option - the Company is required to pay sum equal to the fair valuation of Equity Shares of the Company as per DCF Method to KHL.
 - In case of FHTL put option - the Company is required to purchase, subject to due compliance with law, all CCPS at consideration equal to KHL's contribution along with coupon rate agreed.
- b) CCPS Call Option - If KHL becomes entitled to exercise the CCPS Put Option, but does not exercise the CCPS Put Option within 90 business days thereof, then the Company shall at any time after the expiry of such 90 business days, be entitled to require KHL to sell all of the CCPS to the Company for a consideration equal to the CCPS Subscription amount along with the coupon of 0.01% accrued thereon as of such date.

During the current year, the above said CCPS were issued to International Hospital Limited due to merger of Kanishka Healthcare Limited with International Hospital Limited.

- B) Pursuant to the Shareholders Agreement dated June 12, 2012 executed by and amongst SRL Limited ("SRL"), the Company, International Finance Corporation (IFC), NYLIM Jacob Ballas India Fund III LLC (NJBIF) and existing investors (Avigo and Sabre Group) of SRL, SRL has allotted 4,000,000 and 8,333,333 Compulsorily Convertible Preference Shares ('CCPS') of ₹ 20/- each at a premium of ₹ 280/- each to IFC and NJBIF respectively, aggregating to ₹ 37,000 lacs.

In the event of liquidation of the subsidiaries before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital.

- 31.** As part of Sponsor Agreement entered between The Trustee-Manager of RHT, FGHIPL and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Company, the Company has provided following indemnities:-

- i) To RHT and its, directors, officers, employees and agents under the relevant transaction agreements against any losses or liabilities finally determined as payable for any breach of the Consolidated Foreign Direct Investment (FDI) Policy or Foreign Exchange Management Act ('FEMA'), to the extent that such breach has resulted from the acquisition by RHT of the Hospital Services Companies.

Further, the Company has undertaken to transfer or procure additional medical and healthcare services to Hospital Services Companies in the event that any regulatory authority raises concerns over compliance with any applicable law.

However, the Company will not be liable to indemnify the Indemnified Parties for any losses resulting from delay or failure of the Indemnified Parties in completing any statutory filings or similar formalities under the Consolidated FDI Policy, FEMA and other laws in force in India as of the Listing Date i.e. October 19, 2012, required to be undertaken by the Indemnified Parties in relation to the acquisition by RHT or FGHIPL of the equity shares of the Hospital Services Companies.

The Company's obligations under this indemnity shall continue so long as the Company or the Group holds 15.0% or more of the total units from time to time issued in RHT or three years from the Listing Date, whichever is later.

However, the Company will be liable in respect of the indemnity for a maximum period of five years from the Listing Date.

- ii) The Company has also undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital service Companies.

- iii) Further, as per terms of the various Agreements entered into between Hospital Services Companies and Fortis Operating companies, the Hospital Services Companies have right to recover certain statutory dues levied on them from Fortis Operating Companies. There is a possible present obligation on Hospital Services Companies to collect certain statutory dues from the Fortis Operating Companies and pay it to the relevant authorities. In view of uncertainty arising from interpretation of the regulations, management believes that value of such statutory dues cannot be measured reliably and therefore has not been considered in these financial statements.

32. Discontinuing of operations**i. Dental Corporation Holdings Limited ("DC"), Australia**

During the previous year ended March 31, 2013, Fortis Healthcare Australia Pty Limited (FHA), a wholly owned subsidiary of the Company entered into a Non-Binding Indicative offer to divest its 63.51% holding in DC to BUPA, Australia for a consideration of AUD 276 million. During the previous year, Company has recognized impairment loss of goodwill of ₹ 5,334.00 lacs being the difference between estimated sales value and carrying value of net assets of DC as at March 31, 2013. The deal was completed on May 31, 2013 post approvals by the shareholders of DC, other regulatory authorities and the Supreme Court of Victoria (Australia). Accordingly assets and liabilities of DC do not form part of the consolidated assets and liabilities of the Company w.e.f. May 31, 2013. Such deconsolidation resulted in a net gain of ₹ 960.72 lacs. Further Company has incurred loss ₹ 8,906.69 lacs of realized foreign exchange fluctuation loss on settlement of loans within the group from sale proceeds of DC.

The revenue and expenses in respect of the activities attributable to above discontinuing operations included in the consolidated financial statements are as follows:

(₹ in lacs)

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Revenue	33,043.82	181,346.35
Expenses	28,785.17	147,694.17
Profit from operating activities	4,258.65	33,652.18
Finance costs	4,753.62	14,760.85
Depreciation and amortization expense	754.96	9,198.02
Profit before tax	(1249.93)	9,693.31
Income tax expense	(70.45)	4,392.53
Profit after tax	(1179.48)	5,300.78

The carrying amounts as on March 31, 2014 relating to DC is as follows:

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Total Assets	-	397,506.66
Total Liabilities	-	152,153.08
Net Assets	-	245,353.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Further, net cash flows attributable to above discontinuing operations included in the consolidated cash flow statement are as follows:

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
Net cash flows from operating activities	6,556.51	19,294.10
Net cash flows from investing activities	(10,949.56)	(57,605.26)
Net cash flows from financing activities	5,294.88	27,937.60

ii. Fortis Hoan My Medical Corporation, Vietnam

During the current year, Fortis Healthcare International Pte Ltd., a subsidiary of the Company had entered into an agreement with Viva Holdings Vietnam (Pte.) Ltd, a Chandler Corporation company, to divest entire stake in Fortis Hoan My Medical Corporation (Vietnam), for a consideration of USD 80.00 million. The deal has since been completed on August 20, 2013 post receipt of all approvals. Accordingly assets and liabilities of Hoan My do not form part of the consolidated assets and liabilities of the Company w.e.f. August 20, 2013. Such deconsolidation has resulted in a net gain of ` 1,376.95 lacs.

The revenue and expenses in respect of the activities attributable to above discontinuing operations included in the consolidated financial statements are as follows:

(` in lacs)

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Revenue	13,245.68	24,875.16
Expenses	10,107.18	19,137.62
Profit from operating activities	3,138.50	5,737.54
Finance costs	537.53	1,229.18
Depreciation and amortization expense	1,391.58	2,428.69
Profit before tax	1,209.39	2,079.67
Income tax expense	338.35	214.55
Profit after tax	871.04	1,865.12

The carrying amounts as on March 31, 2014 relating to Fortis Hoan My Medical Corporation, Vietnam is as follows:

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
Total Assets	-	35,327.38
Total Liabilities	-	19,057.59
Net Assets	-	16,269.79

Further, net cash flows attributable to above discontinuing operations included in the consolidated cash flow statement are as follows:

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
Net cash flows from operating activities	3,259.66	3,536.57
Net cash flows from investing activities	(6,041.22)	(2,475.83)
Net cash flows from financing activities	1,069.92	(312.80)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**iii. Quality Healthcare, Hongkong**

During the current year, Fortis Healthcare International Pte Ltd. ('FHIPL'), a subsidiary of the Company entered into an agreement with BUPA International Limited to divest entire stake in Altai Investments Limited, the holding Company of Quality Healthcare, Hongkong for USD 321.00 million, further USD 44.00 million was received on account of inter group receivables net of payables. Group has received USD 365.00 million towards this transaction.

The deal was completed on October 24, 2013 post receipt of all approvals. Accordingly, assets and liabilities of Quality Healthcare do not form part of the consolidated assets and liabilities of the Company w.e.f. October 24, 2013. Such deconsolidation has resulted in a net gain of ` 42,415.73 lacs. Net gain of ` 42,415.73 lacs are net of goodwill of ` 31,579.87 lacs arising on consolidation of FHIPL. In view of management, considering disposal of all significant subsidiaries of FHIPL, no goodwill is allocable to any other remaining entities.

The revenue and expenses in respect of the activities attributable to above discontinuing operations included in the consolidated financial statements are as follows:

(` in lacs)

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Revenue	63,161.92	95,333.83
Expenses	56,917.90	88,508.01
Profit from operating activities	6,244.02	6,825.82
Finance costs	902.02	1,277.84
Depreciation and amortization expense	1,392.10	2,556.87
Profit before tax	3,949.90	2,991.11
Income tax expense	717.94	1,042.32
Profit after tax	3,231.96	1,948.79

The carrying amounts as on March 31, 2014 relating to Quality Healthcare, Hongkong, is as follows:

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
Total Assets	-	142,906.33
Total Liabilities	-	47,566.88
Net Assets	-	95,339.45

Further, net cash flows attributable to above discontinuing operations included in the consolidated cash flow statement are as follows:

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
Net cash flows from operating activities	(12,266.25)	4,457.19
Net cash flows from investing activities	(1,153.69)	(2,870.45)
Net cash flows from financing activities	10,148.83	(3,691.01)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

33. Particulars of Unhedged Foreign Currency Exposure:

(in lacs)

Particulars	Foreign Currency	March 31, 2014		March 31, 2013	
		Foreign Currency	`	Foreign Currency	`
Trade payables	USD	7.06	424.46	2.66	145.51
	Euro	0.01	0.78	-	-
	SGD	-	-	10.13	443.17
	HKD	-	-	12.62	88.27
	AUD	-	-	154.11	8,712.82
	VND	-	-	82.53	0.21
	AED	-	-	0.13	1.91
	CND	-	-	34.15	1,821.87
	GBP	0.02	1.67	-	-
Bank balances	HKD	-	-	109.08	762.77
	AUD	-	-	123.03	6,955.66
	SGD	-	-	126.89	5,550.85
	VND	-	-	43.59	0.11
	USD	23.08	1,386.07	27.07	1,469.37
	AED	-	-	4.34	64.11
	CND	-	-	78.39	4,182.76
Trade receivables	USD	3.10	186.19	3.16	171.63
	SGD	-	-	34.72	1,518.99
	HKD	-	-	270.09	1,888.62
	AUD	-	-	134.54	7,606.46
	VND	-	-	27.95	0.07
	AED	-	-	22.65	334.72
	CND	-	-	41.45	2,211.69
	GBP	0.17	16.97	-	-
Advance from Customers	Euro	0.04	3.70	0.04	3.12
	USD	0.73	43.61	0.05	2.59
EEFC Accounts	USD	0.25	14.93	-	-
Cash balances	AED	0.03	0.46	0.02	0.30
	Euro	0.01	0.85	0.01	0.72
	USD	0.02	1.00	0.02	0.99
	GBP	0.00	0.10	0.00	0.08
	SGD	0.00	0.10	0.00	0.09
	BHD	0.00	0.07	-	-
	LKR	0.02	0.01	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(in lacs)

Particulars	Foreign Currency	March 31, 2014		March 31, 2013	
		Foreign Currency	`	Foreign Currency	`
Advances to Vendors	USD	0.07	4.42	0.19	15.60
	Euro	0.11	9.10	-	-
	JPY	-	-	7.25	4.18
Letter of Credit	Euro	0.10	8.27	-	-
Deferred Payment Liabilities	Euro	0.06	4.63	-	-
	USD	11.54	693.08	-	-
Buyers Credit	USD	41.30	2,480.47	1.51	81.80
	Euro	4.30	355.52	5.79	403.11
Foreign Currency Loans					
- Loans taken	USD	1,883.99	113,151.11	1,143.42	59,356.56
- Loans given	SGD	239.00	11,407.59	-	-
	USD	2,061.45	123,809.21	-	-
	AED	-	-	1.53	22.66

34. Forward Contract

Subsidiaries of the Company has taken foreign currency derivative instrument to hedge its foreign currency risk. The outstanding position of derivative instruments as on March 31, 2014 is as under:

(` in lacs)

Particulars of Derivatives	March 31, 2014	March 31, 2013	Purpose
Outstanding Forward Contracts	-	4,155.92	Foreign currency loans given
-Buy: Singapore Dollar (SGD) Nil (previous year 9,500,000)			
Outstanding Forward Contracts	-	50,324.28	Foreign currency loans given
- Buy US Dollar (USD) Nil (previous year 92,703,844)			
Interest rate swaps	-	322.07	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 1.81-1.85% p.a. and receive a variable interest @ 0.57% on the loan amount.
- Hong Kong Dollar (HKD) Nil (previous year 4,606,000)			
- Australian Dollar (AUD) Nil (Previous year 101,448,934)	-	57,357.02	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest and receive a variable interest on the loan amount.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- 35.** The Group has subscribed to 98,000 Ordinary Shares of Fortis Medicare International Limited ('FMIL') of USD 1 each during the year ended March 31, 2011, the details of which are given below:

(` in lacs)

Particulars	March 31, 2014	March 31, 2013
Cost of Investment	47.68	47.68
Share in post-acquisition losses upto the beginning of the year	998.85	914.33
Share in losses for the current year	127.13	84.52
Exchange translation adjustments	11.74	5.61
Payable against losses of associate	1,066.56	945.56

The Group has entered into an agreement with the shareholders of FMIL, as per which Group has committed to make payments on behalf of associate to satisfy obligations of it.

36. Subsequent events

In continuance of Group's Asset light model, subsequent to year end on May 7, 2014, the Company has entered in to an agreement with Escorts Heart and Super Specialty Hospital Limited ("EHSSHL"), a subsidiary of Religare Health Trust, for transfer of net assets relating to the Mohali Clinical Establishment (in Punjab) to EHSSHL. The transaction has been completed subsequent to the year end and hence no effect has been given in the financial statements for the year ended March 31, 2014

37. Previous Year Figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date attached

For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place : Gurgaon
Date : May 29, 2014

**For and on behalf of the Board of Directors of
Fortis Healthcare Limited**

Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Place : New Delhi
Date : May 29, 2014

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

Notes

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Fortis Healthcare Limited

Regd. Office : Escorts Heart Institute and Research Centre,
Okhla Road, New Delhi – 110 025

Tel: +91-11-4713 5000/2682 5000

Fax: +91-11-26825013

Website: www.fortishealthcare.com

FORM A

Annexure to the annual audit report for the year ended March 31, 2014

1	Name of the Company	Fortis Healthcare Limited BSE Scrip Code - 532843 NSE Scrip Symbol- FORTIS CIN - L85110DL1996PLC076704
2	Annual financial statements for the year ended	March 31, 2014
3	Type of Audit observation	Unqualified - Matter of Emphasis
4	Frequency of observation	<p>(A) Matter of Emphasis relating to uncertainty related to the outcome of the lawsuits for termination of certain land leases allotted by Delhi Development Authority (DDA) and tax demands against one of the subsidiary ("Escorts Heart Institute and Research Centre limited").</p> <p>a) Whether appeared first time: No b) Whether repetitive: Yes c) Since how long period: Since financial year ending March 31, 2013, however qualification and subject to opinion for same matter was given from financial year ending March 31, 2007 till March 31, 2012.</p> <p>(B) Matter of Emphasis relating to non-compliance with order of Hon'ble High Court of Delhi in relation to provision of free treatment/ beds to poor by one of the subsidiary ("Escorts Heart Institute and Research Centre limited").</p> <p>a) Whether appeared first time: Yes b) Whether repetitive: No c) Since how long period: N/A</p> <p>(C) Matter of Emphasis relating to the order of Navl Mumbai Municipal Corporation (NMMC) received by one of the subsidiary ("Hiranandani Healthcare Private Limited"), concerning alleged contravention of the provisions of Bombay Nursing Home Registration (Amended) Act, 2005.</p> <p>a) Whether appeared first time: Yes b) Whether repetitive: No c) Since how long period: N/A</p>

For S.R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

26/8/14.

For and on behalf of the Board of Directors of
Fortis Healthcare Limited

Shivinder Mohan Singh
Executive Vice Chairman

Dr. Brian Tempest
Chairman- Audit and
Risk Management Committee

* Sandeep Puri
Sandeep Puri
Group Chief Financial Officer

Certified True Copy
For Fortis Healthcare Limited
Company Secretary

FORM A

Annexure to the annual audit report for the year ended March 31, 2014

1	Name of the Company	Fortis Healthcare Limited BSE Scrip Code -- 532843 NSE Scrip Symbol- FORTIS CIN - L85110DL1996PLC076704
2	Annual financial statements for the year ended	March 31, 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable

For S.R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

Pankaj Chadha
26/8/14
per Pankaj Chadha
Partner
Membership No.: 91813

For and on behalf of the Board of Directors of
Fortis Healthcare Limited

Shivinder Mohan Singh
Shivinder Mohan Singh
Executive Vice Chairman

Brian Tempest
Dr. Brian Tempest
Chairman- Audit and
Risk Management Committee

Sandeep Puri
Sandeep Puri
Group Chief Financial Officer

Certified True Copy
For Fortis Healthcare Limited

Pankaj
Company Secretary